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 Garlinghouse, Christian Larsen, Ron Will,
 Antoinette O'Gorman, Eric van Miltenburg,
 Susan Athey, Zoe Cruz, Ken Kurson, Ben
 Lawsky, Anja Manuel, and Takashi Okita

**UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 OAKLAND DIVISION**

IN RE RIPPLE LABS INC. LITIGATION

CASE NO.: 4:18-cv-06753-PJH

This Document Relates To:

ALL ACTIONS.

**DECLARATION OF VIRGINIA F.
 MILSTEAD IN SUPPORT OF
 DEFENDANTS' OMNIBUS
 MEMORANDUM OF POINTS AND
 AUTHORITIES IN OPPOSITION TO
 PLAINTIFF AVNER GREENWALD'S
 AND VLADI ZAKINOV'S AND DAVID
 OCONER'S MOTIONS TO REMAND**

Date: February 13, 2019
 Time: 9:00 a.m.
 Dep't.: 3
 Judge: Hon. Phyllis J. Hamilton

DECLARATION OF VIRGINIA F. MILSTEAD

1. I am an attorney admitted to practice before the courts of the State of California and have been admitted to this Court. I am counsel in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, which is counsel of record for Defendants Ripple Labs Inc., XRP II, LLC, Bradley Garlinghouse, Christian Larsen, Ron Will, Antoinette O'Gorman, Eric van Miltenburg, Susan Athey, Zoe Cruz, Ken Kurson, Ben Lawsky, Anja Manuel, and Takashi Okita (collectively "Defendants") in the above-captioned matter. I submit this declaration in support of Defendants' Omnibus Memorandum of Points and Authorities in Opposition to Plaintiff Avner Greenwald's and Vladi Zakinov's and David Oconer's Motions to Remand. This declaration is based on my own personal knowledge, and if called upon to do so, I could and would testify competently thereto.

2. Attached as **Exhibit 1** is a true and correct copy of the Complaint filed in Coffey v. Ripple Labs Inc., et al., No. CGC-18-566271 (Cal. Super. Ct. San Francisco Cty.) on May 3, 2018.

3. Attached as **Exhibit 2** is a true and correct copy of the Notice of Related Case filed in Greenwald v. Ripple Labs Inc., et al., No. 18-CIV-03461 (Cal. Super. Ct. San Mateo Cty.) on October 25, 2018.

4. Attached as **Exhibit 3** is a true and correct copy of the Notice of Related case filed in In re Ripple Labs Inc. Litigation, Lead Case No. 18-CIV-02845 (Consolidated with Case No. 18-CIV-03332) (Cal. Super. Ct. San Mateo Cty.) on October 25, 2018.

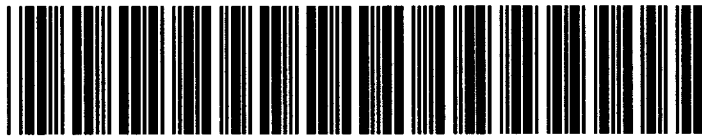
5. Attached as **Exhibit 4** is a true and correct copy of Plaintiff Avner Greenwald's Motion to Remand (ECF No. 15), filed in Greenwald v. Ripple Labs Inc., et al., No. 4:18-cv-04790-PJH (N.D. Cal.) on September 7, 2018.

I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct.

Executed on December 28, 2018 in Los Angeles, California.

By: /s/ Virginia F. Milstead
Virginia F. Milstead

Exhibit 1



**SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN FRANCISCO**

Document Scanning Lead Sheet

May-03-2018 2:50 pm

Case Number: CGC-18-566271

Filing Date: May-03-2018 2:47

Filed by: KALENE APOLONIO

Image: 06321889

COMPLAINT

RYAN COFFEY VS. RIPPLE LABS, INC. ET AL

001C06321889

Instructions:

Please place this sheet on top of the document to be scanned.

SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

RIPPLE LABS, INC., a Delaware Corporation, Additional Parties
Attachment form is attached

YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE):

RYAN COFFEY, individually and on behalf of all others similarly
situated

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **¡AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:
(El nombre y dirección de la corte es): San Francisco Superior Court
400 McAllister St., San Francisco, CA 94102

CASE NUMBER:
(Número de caso):

CCC-18-566271

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
James Taylor-Copeland, 501 W. Broadway Suite 800, San Diego, CA 92101, 619-400-4944

DATE: May 3, 2018
(Fecha)

MAY 03 2018

CLERK OF THE COURT
(Secretario)

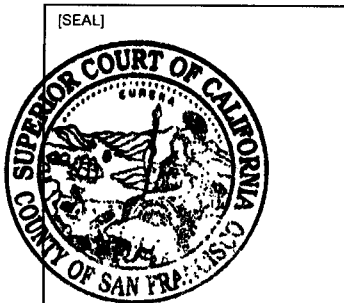
KALENE APOLONIO

Deputy
(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)
(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

NOTICE TO THE PERSON SERVED: You are served

- ☐ as an individual defendant.
- ☐ as the person sued under the fictitious name of (specify):
- ☐ on behalf of (specify):
under: ☐ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)
☐ other (specify):
- ☐ by personal delivery on (date):



SUM-200(A)

SHORT TITLE: Ryan Coffey v. Ripple Labs, Inc. et. al.	CASE NUMBER: CGC-18-566271
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INSTRUCTIONS FOR USE

- This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

☐ Plaintiff
 ☒ Defendant
 ☐ Cross-Complainant
 ☐ Cross-Defendant

XRP II, LLC, a South Carolina limited liability company, BRADLEY GARLINGHOUSE, an individual, and DOES 1 through 10, inclusive.

Page 1 of 1

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*Attorney for Individual and Representative
Plaintiff Ryan Coffey*

FILED
San Francisco County Superior Court

MAY 03 2018

CLERK OF THE COURT
BY: *Salene J. Harris*
Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO, CIVIC CENTER COURTHOUSE

RYAN COFFEY, individually and on behalf of all
others similarly situated

Plaintiff,

v.

RIPPLE LABS, INC., a Delaware corporation,
XRP II, LLC, a South Carolina limited liability
company, BRADLEY GARLINGHOUSE, an
individual, and DOES 1 through 10, inclusive,

Defendants.

Case No. **CBC-18-566271**

CLASS ACTION

COMPLAINT FOR:

- (1) UNREGISTERED OFFER AND SALE
OF SECURITIES IN VIOLATION OF
SECTIONS 5 AND 12(a)(1) OF THE
SECURITIES ACT
- (2) UNREGISTERED OFFER AND SALE
OF SECURITIES IN VIOLATION OF
SECTIONS 25110 AND 25503
CALIFORNIA CORPORATIONS CODE
- (3) VIOLATION OF SECTION 15 OF THE
SECURITIES ACT
- (4) VIOLATION OF CALIFORNIA
CORPORATIONS CODE SECTION
25504

JURY TRIAL DEMANDED

DEMAND EXCEEDS \$25,000

BY FAX
ONE LEGAL LLC

COMPLAINT

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1 Plaintiff RYAN COFFEY, individually and on behalf of all others similarly situated
2 (“Plaintiff”) complains against defendants RIPPLE LABS, INC. (“Ripple Labs”), its wholly owned
3 subsidiary XRP II, LLC (“XRP II”), Ripple Labs’ CEO, BRADLEY GARLINGHOUSE
4 (“Garlinghouse”) and Does 1-10 (collectively, “Defendants”) as follows:

5 **I. SUMMARY OF ACTION**

6 1. This is a securities class action on behalf of all investors who purchased Ripple tokens
7 (“XRP”) issued and sold by Defendants. It arises out of a scheme by Defendants to raise hundreds
8 of millions of dollars through the unregistered sale of XRP to retail investors in violation of the
9 registration provisions of state and federal securities laws.

10 2. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those
11 validating transactions on their networks, all 100 billion of the XRP in existence were created out
12 of thin air by Ripple Labs at its inception in 2013.¹ “In other words, unlike some virtual currencies,
13 XRP was fully generated prior to its distribution.”² 20 billion XRP, or 20 percent of the total XRP
14 supply, were given to the individual founders of Ripple Labs, with the remaining 80 billion retained
15 by Ripple Labs.

16 3. Defendants have since earned massive profits by quietly selling off this XRP to the
17 general public, in what is essentially a never-ending initial coin offering (“ICO”). Like the better-
18 known initial public offering (“IPO”), in an ICO, digital assets are sold to consumers in exchange
19 for legal tender or cryptocurrencies (most often Bitcoin and Ethereum). These tokens generally give
20 the purchaser various rights on the blockchain network and resemble the shares of a company sold
21 to investors in an IPO. Unfortunately, these ICOs have become a magnet for unscrupulous practices
22 and fraud.

23 4. In order to increase demand for XRP, and thereby increase the profits it can derive by
24 selling XRP, Ripple Labs has consistently portrayed XRP as a good investment, relayed optimistic
25 price predictions, and conflated Ripple Labs’ enterprise customers with usage of XRP. For example,

26
27 ¹Plaintiff is informed and believes that Ripple was known as OpenCoin, Inc. until September 26, 2013 when it
changed its name.

28 ²FinCEN Statement of Facts and Violations, https://www.fincen.gov/sites/default/files/shared/Ripple_Facts.pdf (last
visited May 3, 2018).

1 in 2014, Ripple Labs publicly stated that “we will engage in distribution strategies that we expect
2 will result in a stable or strengthening XRP exchange rate against other currencies.” Ripple Labs
3 greatly increased these efforts to push XRP on the general public in 2017 and 2018.

4 5. Defendants also reportedly offered to bribe popular U.S.-based cryptocurrency
5 exchanges Coinbase, Inc. (“Coinbase”) and Gemini Trust Company, LLC (“Gemini”) to list XRP.
6 In or about the fall of 2017, Ripple Labs is reported to have offered Coinbase more than \$100 million
7 worth of XRP to start letting users trade XRP. A Ripple executive is also reported to have asked
8 whether a \$1 million cash payment could persuade Gemini to list XRP in the third quarter of 2017.
9 Although both Gemini and Coinbase declined to pursue these proposals, in late 2017 and early 2018
10 rumors that XRP would be added to Coinbase fueled its price increase. Plaintiff is informed and
11 believed and based thereon alleges that Ripple Labs was the source of these rumors.

12 6. Federal securities laws require any security that is offered or sold to be registered with
13 the Securities and Exchange Commission (“SEC”). These laws are designed to protect the public
14 by requiring various disclosures so that investors can better understand the security that is being
15 offered or sold, and risks associated with investment in that security. Under section 2(a)(1) of the
16 Securities Act of 1933 (“Securities Act”), a “security” is defined to include an “investment
17 contract.”

18 7. The SEC has made it clear that digital tokens, such as XRP, often constitute “securities
19 and may not be lawfully sold without registration with the SEC or pursuant to an exemption from
20 registration.” *See Investor Bulletin: Initial Coin Offerings*, U.S. Securities and Exchange
21 Commission (July 25, 2017); *see also In re Munchee, Inc.* (No. 3-18304) (“[T]okens, coins or other
22 digital assets issued on a blockchain may be securities under the federal securities laws, and, if they
23 are securities, issuers and others who offer or sell them in the United States must register the offering
24 and sale with the Commission or qualify for an exemption from registration.”).

25 8. Here the XRP offered and sold by Defendants have all the traditional hallmarks of a
26 security. XRP purchasers, including Plaintiff, provided consideration (in the form of fiat, including
27 U.S. dollars, or other cryptocurrencies) in exchange for XRP. XRP purchasers reasonably expected
28

1 to derive profits from their ownership of XRP, and Defendants themselves have frequently
2 highlighted this profit motive. Finally, the development of the XRP Ledger, and the profits that
3 investors expected to derive therefrom, were, and are, based entirely on the technical, managerial,
4 and entrepreneurial efforts of Defendants and other third parties employed by Defendants.

5 9. However, Defendants did not register XRP with the SEC, and many of the
6 representations Defendants made regarding XRP were designed to drive demand of XRP, allowing
7 Defendants to obtain greater returns on their XRP sales.

8 **II. PARTIES**

9 10. Lead Plaintiff Ryan Coffey is an individual who at all times mentioned, was and is a
10 resident of San Diego, California. Plaintiff purchased 650 XRP on or about January 6, 2018 at a
11 rate of \$2.60 per XRP and sold that same XRP for approximately \$1.70 per XRP on or about January
12 18, 2018.

13 11. Plaintiff is informed and believes, and based thereon alleges, that Defendant Ripple
14 Labs, Inc. is a Delaware corporation with its principal place of business in San Francisco, California.

15 12. Plaintiff is informed and believes, and based thereon alleges, that Defendant XRP II,
16 LLC is a South Carolina limited liability company with its principal place of business in San
17 Francisco, California.

18 13. Plaintiff is informed and believes, and based thereon alleges, that Defendant Brad
19 Garlinghouse, is an individual who resides in San Francisco, California. Garlinghouse is the CEO
20 of Ripple Labs, a position he has held since in or about 2015.

21 14. At all times mentioned herein, each of the defendants named herein, including DOES
22 1 through 10 were the co-conspirators, agents, representatives, alter egos, employers, and/or joint
23 venturers of the other defendants, and, in doing the acts and things herein alleged, were acting within
24 the course, scope, and authority of said agency, service, or employment with knowledge,
25 permission, and consent of the other defendants and each of them.

26 15. Plaintiff alleges on information and belief that DOES 1-10, inclusive, were
27 individuals, corporations, companies, partnerships, or other business entities. DOES 1-10 were co-
28

1 conspirators with, or alter egos of, other Defendants in the violations alleged in this Complaint and
2 performed acts or made statements in furtherance thereof. Plaintiff are presently unaware of the
3 true names and identities of DOES 1-10. Plaintiff will amend this Complaint to allege the true
4 names of the DOE defendants when they are able to ascertain them.

5 **III. JURISDICTION AND VENUE**

6 16. This Complaint is filed, and these proceedings are instituted, to recover damages and
7 to obtain other relief that Plaintiff has sustained due to Defendants' unregistered offer and sale of
8 securities in violation of Sections 5, 12(a)(1), and 15 of the Securities Act and Sections 25110,
9 25503, and 25504 of the California Corporations Code.

10 17. Venue is proper in this jurisdiction pursuant to the provisions of California Code of
11 Civil Procedure section 395(a) because all Defendants reside in San Francisco.

12 18. This Court has personal jurisdiction over Defendants as a result of acts of Defendants
13 occurring in and/or aimed at the state of California in connection with Defendants' unregistered
14 offer and sale of securities in violation of Sections 5, 12(a)(1), and 15 of the Securities Act and
15 Sections 25110, 25503 and 25504 of the California Corporations Code.

16 19. This Court also has personal jurisdiction over Defendants because they reside or have
17 their principal places of business in California.

18 **IV. SUBSTANTIVE ALLEGATIONS**

19 **A. XRP GENESIS AND THE NEVER-ENDING ICO**

20 20. Unlike cryptocurrencies such as Bitcoin and Ethereum, which are mined by those
21 validating transactions on their networks, all 100 billion XRP were created out of thin air by Ripple
22 Labs in 2013. 20 billion XRP, or 20 percent of the total XRP supply, were given to the individual
23 founders of Ripple Labs,³ with the remaining 80 billion retained by Ripple Labs.

24 21. As for the 80 billion XRP held by Ripple Labs, the plan was to sell them and use funds
25 received to fund company operations and improve the XRP Ledger. Ripple Labs' own wiki notes
26 that "Ripple Labs sells XRP to fund its operations and promote the network. This allows Ripple
27

28 ³Chris Larsen and Jed McCaleb each received 9.5 billion XRP, with Arthur Britto receiving 1 billion.

1 Labs to have a spectacularly skilled team to develop[e] and promote the Ripple protocol and
2 network.”⁴

3 22. From 2013 to the present Defendants have been engaged in an ongoing scheme to sell
4 XRP to the general public in a never ending ICO.

5 23. In May 2015, regulatory authorities in the United States fined Ripple Labs and XRP
6 II \$700,000 for violating the Bank Secrecy Act by selling XRP without obtaining the required
7 authorization. As part of that settlement, Defendants acknowledged that they had sold XRP to the
8 general public and agreed to a number of remedial measures, including registration with FinCEN.

9 24. From December 2014 to July 2015, Ripple Labs disclosed on its website the amount
10 of XRP it held and the amount in circulation. The disclosure for June 30, 2015 stated that Ripple
11 Labs held approximately 67.51 billion XRP, more than double the approximately 32.49 billion XRP
12 held by *all others*. The XRP held by others also significantly overstates independent holdings of
13 XRP because it includes the 20 billion provided to founders and an undisclosed amount of XRP
14 used in “business development agreements that are still pending.”

15 25. Defendants sales of XRP to the public accelerated rapidly in 2017 and early 2018.

16 **B. DEFENDANTS’ PRIMARY SOURCE OF INCOME IS THE SALE OF XRP**

17 26. While publicly touting its xCurrent, xRapid, and xVia enterprise solutions
18 (collectively, “Ripple Enterprise Solutions”), Ripple Labs’ primary source of income is, and has
19 been, the sale of XRP. Defendants earned over \$342.8 million through XRP sales in the last year
20 alone—XRP which costs Defendants nothing since they created it out of thin air. Defendants sell
21 XRP wholesale to larger investors and also sell significant quantities of XRP directly to the general
22 public on cryptocurrency exchanges.

23
24
25
26
27 ⁴Ripple credits,
28 https://wiki.ripple.com/Ripple_credits#XRP_funds_the_development_and_promotion_of_the_protocol_and_the_network (last visited May 3, 2018).

27. According to Ripple Labs itself, in the first quarter of 2018, “market participants purchased \$16.6 million [of XRP] directly from XRP II. XRP II also “sold \$151.1 million worth of XRP” on exchanges.⁵

28. Similarly, in the fourth quarter of 2017, “market participants purchased \$20.1 million directly from XRP II,” and XRP II sold an additional “\$71.5 million worth of XRP” on exchanges.⁶

29. In the third quarter of 2017, “market participants purchased \$19.6 million directly from XRP II,” and XRP II sold an additional “\$32.6 million worth of XRP” on exchanges.⁷

30. In the second quarter of 2017, “market participants purchased \$21M directly from XRP II,” and XRP II sold an additional “\$10.3M worth of XRP” on exchanges.⁸

C. DEFENDANTS MARKET XRP TO DRIVE DEMAND AND INCREASE PRICE

31. Given its reliance on sales of XRP, it is unsurprising that Ripple Labs aggressively markets XRP to drive demand, increase XRP’s price, and thus its own profits.

32. Ripple Labs has an entire section of its website dedicated to providing advice on “How to Buy XRP.” This section provides links to exchanges and instructions on “how to buy XRP” on those exchanges.⁹ It also has a section titled “Market Performance” which proclaims that Ripple Labs is “committed to the long term health and stability of XRP markets.”¹⁰

33. Ripple Labs also consistently promotes the availability of XRP on exchanges. For example, on May 18, 2017, it’s Senior Vice-President for Business Development, Patrick Griffin, tweeted a link to the Kraken exchange with the caption: “Kraken Introduces New Fiat Pairs for XRP Trading! USD, JPY, CAD, EUR @Ripple.”¹¹

⁵ Q1 2018 XRP Markets Report, <https://ripple.com/insights/q1-2018-xrp-markets-report/> (last visited May 3, 2018).

⁶ Q4 2017 XRP Markets Report, <https://ripple.com/insights/q4-2017-xrp-markets-report/> (last visited May 3, 2018).

⁷ Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/> (last visited May 3, 2018).

⁸ Q2 2017 XRP Markets Report, <https://ripple.com/insights/q2-2017-xrp-markets-report/> (last visited May 3, 2018).

⁹ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/> (Last visited May 3, 2018).

¹⁰ Market Performance, <https://ripple.com/xrp/market-performance/> (Last visited May 3, 2018).

¹¹ @patgriffin9, <https://twitter.com/patgriffin9/status/865251321867231233> (last visited May 3, 2018).

34. Similarly, on or about December 21, 2017 Ripple Labs tweeted in Japanese that XRP was now available on over 50 exchanges.¹² That tweet linked to an article on Ripple Labs' website which described XRP as "the fastest and most scalable [digital] asset on the market."¹³ It continued, "[t]he market is taking notice of XRP's speed, reliability and scalability — which has strengthened the demand for XRP and where it's listed. In fact, we're proud to announce that XRP has gone from being listed on six exchanges earlier this year to more than 50 worldwide." The article also links to a number of exchanges where XRP can be purchased, and states that "XRP's long-term value is determined by its utility — including its ability to help financial institutions source liquidity for payments into and out of emerging markets."

35. Ripple Labs also hosts conferences to generate interest in XRP. For example, between October 16 and October 18, 2017 it hosted a conference named "Swell" in Toronto. Ripple Labs acknowledged that "[a]nticipation around the event spurred a meaningful spike in XRP, pushing it up 100 percent . . ."¹⁴

36. On that same day, CoinDesk, a subsidiary of Digital Currency Group, which has an ownership interest in Ripple Labs, published an article titled "Ripple Price Passes Historic \$1 Milestone."¹⁵ This was just one of many instances in which Ripple Labs would promote price movements of XRP.

37. Ripple Labs' promotion of XRP's price reached new highs in December 2017. In one instance Ripple's XRP product manager retweeted a tweet exclaiming: "Wow, XRP at all time high! Forget about bitcoin, *we're all in on XRP!*" (emphasis added).¹⁶

38. Ripple Labs' CEO, Brad Garlinghouse, has also been a vocal advocate for investing in XRP. In a December 14, 2017 interview with BNN, when asked if he is personally invested in XRP, the CEO stated "I'm long XRP, I'm very, very long XRP as a percentage of my personal

¹²@Ripple, <https://twitter.com/Ripple/status/943999526783905792> (last visited May 3, 2018).

¹³XRP Now Available on 50 Exchanges Worldwide, <https://ripple.com/insights/xrp-now-available-on-50-exchanges-worldwide/> (last visited May 3, 2018).

¹⁴Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/> (last visited May 3, 2018).

¹⁵Ripple Price Passes Historic \$1 Milestone, <https://www.coindesk.com/ripple-price-passes-historic-1-milestone/> (last visited May 3, 2018).

¹⁶@warppaul, https://twitter.com/yoshitaka_kitao/status/940785785925709829 (last visited May 3, 2018).

balance sheet.” He continued, stating that he is “not long some of the other [digital] assets, because it is not clear to me what’s the real utility, what problem are they really solving.” And ended by reiterating “if you’re solving a real problem, if it’s a scaled problem, then I think you have a huge opportunity to continue to grow that. We have been really fortunate obviously, *I remain very, very, very long XRP*, there is an expression in the industry HODL, instead of hold, its HODL . . . I’m on the HODL side.” (emphasis added).

39. Later that same day, Garlinghouse tweeted: “Bloomberg welcomes \$XRP to @theterminal and gets it right - #2 market cap behind \$BTC at ~\$80BB!”¹⁷

40. About a week later, on or about December 22, 2017, Garlinghouse tweeted an article titled “Bitcoin Is So 2017 as Ripple Soars at Year End,” with the caption “I’ll let the headline speak for itself. \$xrp.”¹⁸

41. On or about January 17, 2018, Garlinghouse tweeted a CNBC article titled “Ripple is sitting on close to \$80 billion and could cash out hundreds of millions per month – but it isn’t,” with the caption “A good read on why fostering a healthy \$XRP ecosystem is a top priority at @Ripple.”

42. However, the reality was that Ripple Labs was doing exactly that. As laid out in Section IV(B), Defendants sold at least \$167.7 million worth of XRP between January 1, 2018 and March 31, 2018.

1. Defendants Blur Differences Between Ripple Labs’ Enterprise Solutions and XRP to Further Drive Demand

43. Defendants’ advertising and social media postings also conflate adoption and use of Ripple Labs’ xCurrent and xVia enterprise solutions (collectively, “Ripple Enterprise Solutions”) with adoption and use of XRP, even though they often have little to no correlation. Plaintiff is informed and believes and based thereon alleges that Defendants do this to drive demand for XRP and thereby maximize profits from XRP sales.

44. According to its site, “xCurrent is Ripple’s enterprise software solution that enables banks to instantly settle cross-border payments with end-to-end tracking. Using xCurrent, banks

¹⁷@bgarlinghouse, <https://twitter.com/bgarlinghouse/status/941375649549246464> (last visited May 3, 2018).

¹⁸@bgarlinghouse, <https://twitter.com/bgarlinghouse/status/944325730338357248> (last visited May 3, 2018).

1 message each other in real-time to confirm payment details prior to initiating the transaction and to
2 confirm delivery once it settles.”¹⁹

3 45. xCurrent doesn’t operate on the same technology as XRP or even require the use of
4 XRP. In short, there is no reason to believe that adoption of xCurrent would correlate in any way
5 with adoption of XRP.

6 46. Nor does use of Ripple Labs’ xVia product require adoption of XRP. Ripple Labs
7 states that its xVia product is “for corporates, payment providers and banks who want to send
8 payments across various networks using a standard interface.”²⁰

9 47. Ripple labs nevertheless conflates the adoption of these Enterprise Solutions with
10 adoption of XRP.

11 48. For example, on March 20, 2017, Ripple Labs retweeted a Bloomberg article
12 regarding adoption of Ripple Enterprise Solutions, proclaiming “Ripple is the only company in this
13 space with real customers who are really in production.”²¹

14 49. The price of XRP increased rapidly following this tweet and on March 24, 2017
15 Ripple labs tweeted: “The price of #XRP continues to surge showing that people are looking for
16 #bitcoin alternatives.”²²

17 50. On April 26, 2017, Ripple labs tweeted a link to an article on its own site, proclaiming:
18 “#Ripple welcomes 10 additional customers to our #blockchain #payments network.”²³ Neither this
19 tweet nor the article it linked to informed readers that the blockchain payments network did not refer
20 to the XRP Ledger, but rather Ripple’s xCurrent enterprise solution.

21 51. Just days later, on May 3, 2017, with the price of XRP continuing to rise, Ripple Labs
22 tweeted: “#Ripple adoption is sparking interest in XRP ‘which has had an impressive rally in the
23 last two months’ via @Nasdaq.”²⁴

24
25 ¹⁹ Process Payments, xCurrent, <https://ripple.com/solutions/process-payments/> (last visited May 3, 2018).

26 ²⁰ Send Payments, xVia, <https://ripple.com/solutions/send-payments/> (last visited May 3, 2018).

27 ²¹ @Ripple, <https://twitter.com/Ripple/status/844009778309357568> (last visited May 3, 2018).

28 ²² @Ripple, <https://twitter.com/Ripple/status/845347809830195200> (last visited May 3, 2018).

²³ @Ripple, <https://twitter.com/Ripple/status/857267304618278912> (last visited May 3, 2018).

²⁴ @Ripple, <https://twitter.com/Ripple/status/859904105916923904> (last visited May 3, 2018).

52. Ripple Labs conflated the adoption of its Enterprise Solutions and XRP again on May 16, 2017, tweeting: “The appeal that Ripple has towards traditional financial institutions is a big advantage it has over Bitcoin.”²⁵

53. On June 29, 2017, Ripple Labs tweeted a clip of an interview its CEO Brad Garlinghouse gave on CNBC with the caption: “#XRP – up 4000% this year – has shown the market favors a real use case for #digitalassets . . .”²⁶ In that interview, Garlinghouse proclaims that “digital assets are in a position to be more valuable than gold,” and describes XRP as “solving a real-world use case, it’s not just about speculators.”

54. On November 27, 2017, Garlinghouse tweeted “Ripple & \$XRP are giving businesses ‘what they want in a #blockchain,’” along with a link to a Motley Fool tweet.²⁷ That Motley Fool tweet in turn stated that “AmEx and Banco Santander will use Ripple’s blockchain network for instant intl. fund transfers. *Could be a big deal for Ripple’s XRP cryptocurrency.* \$AXP \$SAN.” (emphasis added).²⁸

55. Similarly, on December 14, 2017 Ripple Labs tweeted: “The Japan Bank Consortium launched a Ripple pilot with two large Korean banks – the first time money moves from Japan to Korea over RippleNet.”²⁹ The tweet also linked to an article on Ripple Labs’ site. Buried inside that article is the fact that “RippleNet” refers to Ripple’s xCurrent enterprise solution, which does not require use of XRP. Nevertheless, on that same day Ripple Labs tweeted “@bgarlinghouse [its CEO’s twitter handle] on why crypto prices will be driven by real utility, the multi-trillion \$ problem @Ripple is solving and why \$XRP will come out on top.”³⁰

56. Ripple Labs would later acknowledge that “neither the AMEX news nor the Korean bank initiative involved XRP.”

57. Nevertheless, this tweet linked to a BNN interview with Mr. Garlinghouse, in which he says “the reason why XRP has performed so well this year, we’re solving a real problem, it’s a

²⁵@Ripple, <https://twitter.com/Ripple/status/864635614020251649> (last visited May 3, 2018).

²⁶@Ripple, <https://twitter.com/Ripple/status/880532198025121793> (last visited May 3, 2018).

²⁷@bgarlinghouse, <https://twitter.com/bgarlinghouse/status/935225940845711366> (last visited May 3, 2018).

²⁸@themotleyfool, <https://twitter.com/themotleyfool/status/934850515640471553> (last visited May 3, 2018).

²⁹@Ripple, <https://twitter.com/Ripple/status/941501026267316224> (last visited May 3, 2018).

³⁰@Ripple, <https://twitter.com/Ripple/status/941352005058011137> (last visited May 3, 2018).

1 multi-trillion dollar problem around cross-border payments. There is a lot of friction its very slow
2 its expensive, we're working with the institutions to deal with that, so people have gotten excited.
3 We now have over 100 customers we've announced publicly." He continues, "at the end of the day
4 the value of digital assets will be driven by their utility. If they are solving a real problem, and that
5 problem has scale, and that problem, you know there is real value there, then there will be demand
6 for the tokens and the price will go up. For XRP we have seen because *its required*, its something
7 that can really reduce the friction, and we're talking about a multi-trillion dollar problem in how
8 cross-border payments flow. And so, I think if you drive real utility, yes there's going to be demand
9 for that." *"XRP is up 100x this year, and I think it's because the problem we are solving people*
10 *realize is a real problem, it's a big problem."* (emphasis added).

11 58. On January 4, 2018, following XRP's rapid price increase, the New York Times
12 published an article by Nathaniel Popper titled: "Rise of Bitcoin Competitor Ripple Creates Wealth
13 to Rival Zuckerberg."³¹ Mr. Popper tweeted a link to this article with the caption: "On the rise of
14 Ripple. If this is a tulip fever, the fever has spread to chrysanthemums and poppies."³²

15 59. He further commented, "I've asked several people close to banks if banks are indeed
16 planning to begin using Ripple's token, XRP, in a serious way, which is what investors seem to
17 assume when they buy in at the current XRP prices. This is a sampling of what I heard back:

- 18 • Actual use of XRP by banks is not something I've heard about, I find the run up
19 absolutely baffling, as do all the blockchain folks I know at large FIs.
- 20 • XRP isn't used for anything. The hope is that some day it will be by banks, but
21 there really aren't banks signaling that yet.
- 22 • I would be surprised if there have been any real bank to bank transactions done
23 with it (outside of maybe test transactions), despite people making claims to the
24 contrary.

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26
27 ³¹Rise of Bitcoin Competitor Ripple Creates Wealth to Rival Zuckerberg,
28 <https://www.nytimes.com/2018/01/04/technology/bitcoin-ripple.html> (last visited May 3, 2018).

³²@nathanielpopper, <https://twitter.com/bgarlinghouse/status/949129952716234752> (last visited May 3, 2018).

- It's not clear to me why XRP would be used by banks at all. XRP could potentially be adopted by consumers as a payment rail, although they don't yet have meaningful traction in that regard.
- I haven't seen a sufficiently large catalyst in the fundamentals of Ripple to justify a greater than 10x move in the price of \$XRP in the last month.
- In a few years we're going to look back on 2017 and think WTF were we thinking."

60. Ripple Labs' CEO Garlinghouse publicly responded to this, tweeting: "Over the last few months I've spoken with ACTUAL banks and payment providers. They are indeed planning to use xRapid (our XRP liquidity product) in a serious way. . ." He follows up stating, "I don't think you want to hear about validation for XRP. The @NYTimes should be above spreading anonymous FUD." FUD, which stands for fear, uncertainty, and doubt, is an expression frequently used among crypto-investors to deride or undermine criticism of an asset.

61. Ripple's XRP product manager, also attacked Mr. Popper, tweeting: "Do you think I left #Bitcoin and joined @Ripple to build bank software? Think again. \$XRP."³³ This tweet linked to a Ripple Labs tweet stating that "3 of the top 5 global money transfer companies plan to use XRP in payment flows in 2018. Even more in the pipeline."

2. RIPPLE LABS ATTEMPTS TO PAY OFF EXCHANGES TO LIST XRP

62. Ripple Labs even attempted to bribe two U.S. cryptocurrency exchanges to list XRP to further drive demand for the token. Coinbase and Gemini provide the easiest ways for U.S.-customers to buy crypto-assets with U.S. dollars.³⁴ There is thus a perception that being listed on one of these exchanges will accelerate demand for, and thus the price of, a crypto-asset.

63. A listing on Coinbase, in particular, is considered to be a crypto-asset's golden ticket. This proved true when Coinbase listed Litecoin in August 2016 and Bitcoin Cash in December

³³@Warren Paul Anderson, <https://twitter.com/warpaul> (last visited May 3, 2018).

³⁴Many other exchanges do not allow users to make purchases with cash, but rather accept only other cryptocurrencies, like Bitcoin or Ethereum.

1 2017. When Coinbase listed Bitcoin Cash, its price increased from approximately \$2,500 to
2 approximately \$3,400 just before Coinbase listed the asset. It then briefly shot up to \$9,500 upon
3 being listed on Coinbase before Coinbase temporarily halted trading.

4 64. Recognizing that getting its XRP listed on these exchanges could spur demand for
5 XRP, and thereby allow it to maximize the profits it derives from XRP sales, Ripple Labs offered
6 to bribe these exchanges to list XRP.

7 65. Bloomberg reported that “a Ripple executive asked whether a \$1 million cash
8 payment could persuade Gemini to list XRP in the third quarter,” of 2017.³⁵

9 66. Ripple Labs also, “said it would be willing to lend [Coinbase] more than \$100 million
10 worth of XRP to start letting users trade the asset . . .” Gemini and Coinbase both declined to pursue
11 Ripple Labs’ proposal.

12 67. On November 29, 2017 Ripple Labs posted a link to a change.org petition to “Get
13 Ripple on Coinbase,” with the caption “[t]he community is mobilizing! [thumbs up emoji].”³⁶
14 Ripple’s Senior Vice President of Business Development also tweeted a link to the petition.

15 68. Weeks later on December 13, 2017 Ripple Labs’ Senior Vice President of Business
16 Development retweeted a tweet from Arrington XRP Capital (a hedge fund valued in XRP) stating:
17 “It’s stunning that coinbase hasn’t added XRP yet.”³⁷

18 69. During this same late 2017 and early 2018 time period, rumors that XRP would be
19 added to Coinbase fueled a massive price increase. Plaintiff is informed and believed and based
20 thereon alleges that Defendants were the source of these rumors.

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22
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26 ³⁵Ripple is Said to Struggle to Buy U.S.-Listing for Popular Coin,
27 <https://www.bloomberg.com/amp/news/articles/2018-04-04/ripple-is-said-to-struggle-to-buy-u-s-listing-for-popular-coin> (last visited May 3, 2018).

28 ³⁶@Ripple, <https://twitter.com/Ripple/status/935923310080045056> (last visited May 3, 2018).

³⁷@patgriffin9, <https://twitter.com/arrington/status/941377930994769920> (last visited May 3, 2018).

3. Ripple Labs Publicly Limits the Supply of XRP to Drive Price Appreciation

70. Ripple Labs has also publicly limited the available supply of XRP in order to drive price appreciation and allow it to maximize profits from XRP sales.

71. On or about May 16, 2017, Ripple Labs' CEO posted an article on its website, titled "Ripple to Place 55 Billion XRP in Escrow to Ensure Certainty of Total XRP Supply."³⁸ Ripple Labs promoted this article in a tweet stating: "We're placing 55B #XRP into a cryptographically secured escrow account to establish certainty around #XRP supply."³⁹

72. In that article Garlinghouse proclaims, "Our goal in distributing XRP is to incentivize actions that build trust, utility and liquidity. We engage in distribution strategies that we expect will result in a *strengthening XRP exchange rate* against other currencies." (emphasis added). He continues, noting that "we have heard concerns in the market about uncertainty surrounding our ongoing XRP distribution. The root of this uncertainty is the notion that Ripple might one day sell its 61.68B XRP in the market at any time – a scenario that would be bad for Ripple! Our self-interest is aligned with building and maintaining a healthy XRP market."

73. He commits to remove "that uncertainty by committing to place 55 billion XRP into a cryptographically-secured escrow account," which will allow investors to "mathematically verify the maximum supply of XRP that can enter the market." He ends by stating that "XRP is the only digital asset with a clear use case . . . Designed for enterprise use, XRP can be used by financial institutions for on-demand liquidity for cross-border payments. Payment providers and banks using XRP will gain greater access to emerging markets and much lower settlement costs, and this is why we remain committed to increasing XRP liquidity and continued decentralization of its ledger."

74. XRP's price increased rapidly following this announcement, and Ripple Labs' "Q2 2017 XRP Markets Report" listed the escrow announcement as "instrumental in helping to drive

³⁸Ripple to Place 55 Billion XRP in Escrow to Ensure Certainty of Total XRP Supply, <https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/> (last visited May 3, 2018).

³⁹@Ripple, <https://twitter.com/Ripple/status/864512213289123840> (last visited May 3, 2018).

1 XRP interest and volume,” and noted that the “market responded favorably to the escrow”
2 announcement.

3 75. On or about December 7, 2017, Ripple Labs announced that it had followed through
4 with its promise and placed “55 billion XRP in a cryptographically-secured escrow account to create
5 certainty of XRP supply at any given time.”⁴⁰

6 76. It published an article detailing this escrow, which explained, “[b]y securing the lion’s
7 share of XRP in escrow, people can now mathematically verify the maximum supply that can enter
8 the market. While Ripple has proved to be a responsible steward of XRP supply for almost five
9 years – and has clearly demonstrated a tremendous track record of investing in and supporting the
10 XRP ecosystem – *this lockup eliminates any concern that Ripple could flood the market, which*
11 *we’ve pointed out before is a scenario that would be bad for Ripple!*” (emphasis added).

12 77. The article contained a button to allow readers to share it on twitter with the caption,
13 “Game changer for \$XRP! 55 billion XRP now in escrow.” Ripple Labs also promoted this article
14 through its own tweet, which proclaimed: “55B \$XRP is now in escrow. Interested in what this
15 means for \$XRP markets?”⁴¹ Ripple’s CEO was even more enthusiastic, tweeting: “Boom! 55B
16 \$XRP now in escrow. Good for supply predictability and trusted, healthy \$XRP markets. Glad to
17 finally let this #cryptokitty out of the bag!”⁴²

18 78. Ripple Labs’ public commitment to limit the supply of XRP had its intended effect.
19 In the weeks that followed the price of XRP exploded upwards, from approximately 25 cents on
20 December 7, 2017 to \$3.43 on January 3, 2018. It would then shed nearly all its value in just over
21 three months, falling to a low of approximately 46 cents on April 6, 2018.

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27 ⁴⁰Ripple Escrows 55 Billion XRP for Supply Predictability, <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability/> (last visited May 3, 2018).

28 ⁴¹@Ripple, <https://twitter.com/Ripple/status/938933967956389889> (last visited May 3, 2018).

⁴²@bgarlinghouse, <https://twitter.com/bgarlinghouse/status/938933791145336832> (last visited May 3, 2018).

D. Defendants Acknowledge that Development of the XRP Ledger is Dependent on their Technical, Entrepreneurial, and Managerial Efforts

79. Defendants acknowledge that development of the XRP Ledger and success of XRP is Dependent on their technical, entrepreneurial, and managerial efforts.

80. For example, in February 2017 Ripple Labs promoted a deal with BitGo to build an enterprise wallet and treasury management platform for XRP.⁴³

81. Ripple Labs also publishes a quarterly report detailing its efforts grow the “XRP ecosystem.”⁴⁴ In one of these reports, discussing its plan for “Q3 2017,” Ripple Labs states that it “plans to focus on three areas of liquidity development as we drive XRP towards its natural position as the digital asset standard for international value transfer.” And ends by saying, “[m]ost importantly, we are accelerating the pace of *our investment* in the XRP Ledger to *build on its speed, uptime, and scalability, to ensure XRP is the most trusted enterprise-grade digital asset.*” (emphases added).

82. Three months later, in describing its goals for the fourth quarter of 2017, Ripple Labs proclaimed it would “continue to expand [its] xRapid partnerships.” It states that its “long-term goal is, and always has been, usage of XRP as a liquidity solution for more and more corridors, and partnerships are key to achieving this goal.”⁴⁵

83. In January 2018, Ripple Labs touted “a partnership with MoneyGram—one of the world’s largest money transfer companies—to use xRapid and XRP for near real-time cross-border payments. In addition, there are a number of other xRapid deals at various stages of completion in the pipeline.” It also stated that it wanted “to build the necessary markets infrastructure for eventual direct usage of XRP by financial institutions.”

⁴³@patgriffin9, <https://twitter.com/patgriffin9/status/831945571736834048> (last visited May 3, 2018).

⁴⁴Announcing Quarterly XRP Market Operations Report, <https://ripple.com/insights/announcing-quarterly-xrp-market-operations-report/> (last visited May 3, 2018).

⁴⁵Q3 2017 XRP Markets Report, <https://ripple.com/xrp/q3-2017-xrp-markets-report/> (last visited May 3, 2018).

1 84. Its CEO commented on this partnership, saying: “And to be clear: @MoneyGram
2 announcement is one step in a marathon ahead to truly make \$XRP the global liquidity solution for
3 payment providers and banks.”⁴⁶

4 **1. Ripple Labs Promises R3 a 5 Billion XRP Option to Drive Adoption of**
5 **XRP**

6 85. Ripple Labs has also used XRP to enter into partnerships intended to drive the
7 adoption of XRP, and even structured these agreements so that their partners compensation is tied
8 to appreciation of XRP—just as companies often do with shares to ensure that their interests are
9 aligned. In early 2016 Ripple Labs promised R3 Holdco, LLC (“R3”), an enterprise software firm
10 with a network of banks and financial institutions, the option to purchase five billion XRP in
11 exchange for R3 providing Ripple Labs with access to R3’s consortium of member banks and
12 financial institutions—thereby driving adoption of XRP.

13 86. When the price of XRP rose rapidly, Ripple Labs repudiated the deal, which had
14 provided R3 the option to purchase 5 billion XRP at \$0.085 per XRP. Ripple Labs claimed that
15 R3 had failed to commercialize Ripple’s technology in connection with the use of XRP as the
16 parties had agreed.

17 **E. Ripple Labs Maintains the Centralized XRP Ledger**

18 87. Defendants, and Ripple Labs in particular, are also entirely responsible for
19 maintaining the XRP Ledger.

20 88. Unlike cryptocurrencies such as Bitcoin and Ethereum, which use a Proof of Work
21 (“PoW”) consensus mechanism to verify the legitimacy of transactions on the network, the XRP
22 Ledger relies on trusted nodes operated by Ripple Labs to verify the legitimacy of transactions and
23 maintain agreement on the network. The PoW mechanism utilized by Bitcoin and Ethereum helps
24 to ensure the network is decentralized by allowing anyone to use their own hardware and electricity
25 to run the PoW consensus algorithm to verify transactions on the public ledger and send them to be
26 recorded throughout the blockchain. The network’s decision-making process is thus placed entirely
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28 ⁴⁶@bgarlinghouse, <https://twitter.com/bgarlinghouse/status/951461582424358912> (last visited May 3, 2018).

1 in the hands of those who run the consensus algorithm with their own hardware and electricity,
2 rather than any one entity or individual. Bitcoin currently has approximately 9,933 public nodes,
3 while Ethereum has 18,266.

4 89. The XRP Ledger consensus protocol, on the other hand, relies almost entirely on
5 “trusted nodes” on the Unique Node Lists (“UNL”). The UNL is the set of trusted nodes that
6 communicate “reliable” information to other nodes on the XRP Ledger. Like miners in Bitcoin and
7 Ethereum, these “trusted nodes” validate transactions. However, unlike those miners, the trusted
8 nodes are either selected or controlled by Ripple Labs itself. Ripple Labs provides its own default
9 and recommended UNL—currently comprised of only five Ripple Labs-hosted nodes. Although
10 Ripple Labs claims it plans to decentralize the network, it admits that it will only remove its own
11 “trusted nodes” if it decides that other validator nodes are reliable, reputable, stable, and secure.⁴⁷
12 Ripple Labs’ view of decentralization of the XRP Ledger still involves Ripple Labs maintaining full
13 control over the Ledger and deciding who owns and operates any third-party “trusted nodes.”

14 90. In January 2018, BitMex Research, a blockchain research group, installed and ran a
15 copy of Rippled (the software that allows users to run nodes on the XRP Ledger).⁴⁸ “The node
16 operated by downloading a list of five public keys from the server v1.ripple.com.” “The software
17 indicates that four of the five keys are required to support a proposal in order for it to be accepted
18 [on the XRP Ledger].” However, “[a]ll five keys are assigned to Ripple.com.” BitMex Research
19 concludes that “[s]ince the keys were all downloaded from the Ripple.com server, *Ripple is*
20 *essentially in complete control of moving the ledger forward*, so one could say *the system is*
21 *centralized*.” (emphasis added).

22 91. BitMex Research continues, “the Ripple system appears for all practical purposes to
23 be centralized and is therefore perhaps devoid of any interesting technical characteristics, such as
4 censorship resistance, which coins like Bitcoin may have. . .”

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26 ⁴⁷Decentralization Strategy Update, <https://ripple.com/dev-blog/decentralization-strategy-update/> (last visited May 3,
27 2018); How We Are Further Decentralizing the Ripple Consensus Ledger, [https://ripple.com/insights/how-we-are-](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/)
28 [further-decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/](https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/) (last visited May 3,
2018).

⁴⁸The Ripple Story, <https://blog.bitmex.com/the-ripple-story/> (last visited May 3, 2018).

92. Ripple's own XRP product manager, Warren Paul Anderson, frequently markets the XRP Ledger's dependence on Ripple Labs' continued commitment to it. For example on December 14, 2016, he tweeted: "Thrilled to have the rippled team in town for a summit to discuss the future of @Ripple Consensus Ledger & XRP as a native digital asset!"⁴⁹ Approximately a year later, in December 2017 he retweeted that, saying "It's that time of year again, and what a year its been! #XRP Ledger (rippled) core developers in town @Ripple for a summit to discuss planning for 2018."⁵⁰

93. Later that same day he posted a picture of Ripple Labs engineers with the caption, "A great day of reflection & planning @Ripple w/ the greatest C++ engineering team in the world #XRP."⁵¹ On that same day, Ripple's head of cryptography posted: "Today, all the \$XRP Ledger developers at @Ripple are in SF to reflect on 2017 and plan for 2018."⁵²

94. Later in the month, on December 29, 2017, a Ripple software engineer, Nik Bougalis, tweeted: "I've been working on code review for the last couple days. Excited to get rippled 0.90.0 out the door,"⁵³ indicating that Ripple Labs was working to get a new version of Rippled out and thereby advance the XRP Ledger.

95. On January 9, 2018, Anderson tacitly admits that the XRP Ledger remains centralized, tweeting that the "[n]ew \$XRP Ledger (rippled) 0.81.0 release gets us one-step closer to executing on our aforementioned decentralization strategy. . ."

96. Following, Ripple's release of a Rippled upgrade, Bougalis tweeted, "[t]he C++ team has released rippled 0.90.0. Cool new features: history sharding, deposit authorizations, checks and more!"⁵⁴ When asked about Rippled, Bougalis continues, "[i]t's the software one uses to run a server that connects to the XRP Ledger."

⁴⁹@warpaul, <https://twitter.com/warpaul/status/809047284717469696> (last visited May 3, 2018).

⁵⁰@warpaul, <https://twitter.com/warpaul/status/940970970759573505> (last visited May 3, 2018).

⁵¹@warpaul, <https://twitter.com/warpaul/status/941087297360994304> (last visited May 3, 2018).

⁵²@JoelKatz, <https://twitter.com/JoelKatz> (last visited May 3, 2018).

⁵³@nbougalis, <https://twitter.com/nbougalis/status/946829572145741824> (last visited May 3, 2018).

⁵⁴@nbougalis, <https://twitter.com/nbougalis/status/966106932925882368> (last visited May 3, 2018).

97. On March 5, 2015, Bougalis similarly reposted a tweet defending investing in XRP by stating: “So you’d invest in Linux, not Microsoft. In UseNet, not Google. In MySQL, not Oracle. Good luck with your portfolio. *Ripple is the next Google.* You’re stuck in the silly idea that *a company can’t build a digital asset, even when it does this right under your nose,*” with the caption, “[n]ow that’s a mic drop, if I’ve ever seen one.”⁵⁵ (emphasis added).

98. Ripple Labs also owns and maintains the github.com/ripple/rippled GitHub which is used to update the XRP Ledger, and one location where Rippled can be downloaded.

99. Ripple Labs also pays bounties to those who identify bugs in their software, stating that “we are very generous with the bug bounties we pay. Anyone that found and responsibly disclosed such a bug would get a significant reward.”⁵⁶

F. XRP IS A SECURITY

1. XRP Purchasers Made an Investment of Money in A Common Enterprise

100. Plaintiff and the Class invested fiat and other digital currencies, such as Bitcoin and Ethereum, to purchase XRP. Investment of both fiat and digital currency meets the first prong of *Howey*.

101. Defendants concede that they sell XRP tokens to the general public through cryptocurrency exchanges.

102. The profits of each investor in XRP are inextricably intertwined with those of all other purchasers because XRP is fungible. As Defendants note, it can be bought or sold on over 50 exchanges.

103. The profits of Plaintiff and the Class are also intertwined with the fortunes of Ripple Labs. Ripple Labs concedes that it “sells XRP to fund its operations and promote the network. This allows Ripple Labs to have a spectacularly skilled team to develop[e] and promote the Ripple protocol and network.”⁵⁷

⁵⁵@nbougalis, <https://twitter.com/nbougalis/status/970733741319503872> (last visited May 3, 2018).

⁵⁶@nbougalis, <https://twitter.com/nbougalis/status/987052572283318273> (last visited May 3, 2018).

⁵⁷Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP_funds_the_development_and_promotion_of_the_protocol_and_the_network (last visited May 3, 2018).

104. Ripple's CEO has conceded that, "Our self-interest is aligned with building and maintaining a healthy XRP market."

105. As further explained in Section IV(F)(3) below the price of XRP is dependent on development and adoption of the XRP Ledger, which in turn is entirely dependent on the efforts of Defendants and their employees or agents.

2. XRP Investors Had a Reasonable Expectation of Profits

106. Investors in XRP, including Plaintiff and the Class, made their investment with a reasonable expectation of profits.

107. Defendants themselves have recognized that XRP investors have a reasonable expectation of profit, and publicly touted XRP's price performance on numerous occasions. Ripple Labs' website even contains an "XRP Buying Guide" that provides links to exchanges and instructions on "how to buy XRP" on those exchanges.⁵⁸

108. Ripple's CEO has publicly touted that he himself is "*very, very, very long XRP*," and criticized journalists who suggest that enterprise adoption of XRP may not be as high as Ripple Labs indicates.

109. Ripple Labs also directly controls the inflation rate of XRP, going so far as to lock more than half the supply of XRP in escrow to provide "supply predictability and trusted, healthy \$XRP markets." This announcement had its intended effect, driving the price of XRP rapidly upwards.

110. Defendants also pooled XRP investments to fund projects that would promote "the XRP Ledger and Interledger Protocol," thereby increasing the value of the XRP Ledger and XRP.

111. For example, on April 11, 2018, Ripple Labs announced that it "had invested \$25 million in XRP to Blockchain Capital Parallel IV, LP," to "support and develop additional [XRP] use cases beyond payments."⁵⁹ Ripple Labs' Senior Vice President of Business Development

⁵⁸ XRP Buying Guide, <https://ripple.com/xrp/buy-xrp/> (Last visited May 3, 2018).

⁵⁹ Ripple Invests \$25 Million to Drive Innovation in Blockchain and Digital Assets, <https://ripple.com/insights/ripple-invests-25-million-to-drive-innovation-in-blockchain-and-digital-assets/> (Last visited May 3, 2018).

1 promoted this investment, tweeting, “Ripple’s \$25 million investment in @blockchaincap’s new
2 fund is the first and not the last contribution to ventures that further develop the #blockchain and
3 \$XRP ecosystems.”⁶⁰

4 3. The Success of XRP Requires Efforts of Ripple Labs and Others

5 112. Lead Plaintiff and the Class have entirely passive roles vis-à-vis the success of the
6 XRP Ledger and XRP. Rather, as Defendants’ own marketing makes clear, the success of the XRP
7 Ledger, and the profits the Class reasonably expected to derive from investing in XRP are dependent
8 solely on the technical, entrepreneurial, and managerial efforts of Defendants and their agents and
9 employees.

10 113. Lead Plaintiff and the Class reasonably expected defendants to provide significant
11 managerial efforts, to develop and improve the XRP Ledger, to develop and sustain a supportive
12 network, and to secure exchanges through which XRP can be traded or liquidated. Defendants
13 repeatedly represented that they would provide significant managerial efforts to achieve these
14 objectives and make the XRP Ledger a success.

15 114. Ripple Labs created the XRP Ledger and all 100 billion XRP in circulation, and
16 concedes that it “sells XRP to fund its operations and promote the network,” in order “to have a
17 spectacularly skilled team to develop[e] and promote the Ripple protocol and network.”⁶¹ And as
18 of April 22, 2018, Ripple Labs still holds at least 60.83 billion XRP—more than 60 percent of the
19 XRP in circulation.⁶²

20 115. Ripple Labs touts its control over the XRP Ledger as an advantage for XRP,
21 contending that governance “may be where XRP most significantly distinguishes itself [from
22 Bitcoin, Ethereum, and Litecoin] going forward.” “Building pivotal infrastructure on top of
23 technology that does not have clear governance is not palatable for large established companies.”

24
25
26 ⁶⁰@patgriffin9, <https://twitter.com/Ripple/status/984061347078987776> (last visited May 3, 2018).

27 ⁶¹Ripple credits, https://wiki.ripple.com/Ripple_credits#XRP_funds_the_development_and_promotion_of_the_protocol_and_the_network (last visited May 3, 2018).

28 ⁶²Market Performance, <https://ripple.com/xrp/market-performance/> (last visited May 3, 2018).

1 116. Ripple Labs also exercises near complete control over the XRP Ledger itself. XRP
2 Ledger nodes operate “by downloading a list of five public keys from the server v1.ripple.com.”
3 “The software indicates that four of the five keys are required to support a proposal in order for it
4 to be accepted [on the XRP Ledger].” However, “[a]ll five keys are assigned to Ripple.com.”
5 “Since the keys were all downloaded from the Ripple.com server, *Ripple is essentially in complete*
6 *control of moving the ledger forward*, so one could say *the system is centralized*.” (emphasis
7 added). “[T]he Ripple system appears for all practical purposes to be centralized and is therefore
8 perhaps devoid of any interesting technical characteristics, such as censorship resistance, which
9 coins like Bitcoin may have. . .”

10 117. Ripple Labs and its CEO have acknowledged that the value of XRP will be driven by
11 the XRP Ledger’s usefulness in solving cross-border payments and its adoption by enterprises.
12 Defendants have similarly touted adoption of Ripple Labs’ Enterprise Solutions, even when those
13 Enterprise Solutions do not actually utilize XRP.

14 118. XRP therefore derives its value entirely from the usefulness and popularity of the XRP
15 Ledger, which is in turn dependent entirely on the technical, entrepreneurial, and managerial efforts
16 of Defendants. The purchase of XRP is thus an investment in a common enterprise, with an
17 expectation of profits, solely from the efforts of Defendants.

18 **V. PLAINTIFF RYAN COFFEY’S PURCHASE OF XRP**

19 119. Plaintiff Coffey purchased 650 XRP on or about January 5, 2018 at a price of \$2.60
20 each, paying a total of \$1,690.

21 120. Plaintiff Coffey then sold 649.98 XRP on or about January 18, 2018 at a price of
22 approximately \$1.70 each, receiving a total of 1,104.96 USDTs for the XRP he paid \$1,690 for.

23 121. USDT is an acronym for U.S. Dollar Tether, a cryptocurrency which is purportedly
24 backed by U.S. dollars and whose price thus generally tracks that of the actual dollar closely.
25 Records taken from coinmarketcap.com show that one USDT was valued at approximately \$1.03
26 on January 18, 2018. Mr. Coffey thus received approximately \$1,138.15 (1,104.96*1.03) in
27
28

1 exchange for the XRP he sold, sustaining a loss of approximately \$551.89, or over 32 percent his
2 initial investment.

3 **VI. CLASS ACTION ALLEGATIONS**

4 122. This suit is brought as a Class action pursuant to section 382 of the California Code
5 of Civil Procedure, on behalf of a Class of:

6 **All persons or entities who purchased XRP from January 1, 2013**
7 **through the present. Excluded from the Class are: retail employees; corporate**
8 **officers, members of the boards of directors, and senior executives of**
9 **Defendants; and any and all judges and justices, and chambers' staff, assigned**
10 **to hear or adjudicate any aspect of this litigation.**

11 123. Plaintiff reserve the right to maned the Class definition if further investigation and/or
12 discovery indicate that the Class definition should be narrowed, expanded, or otherwise modified.

13 124. Plaintiff does not, as of yet, know the exact size of the Class. However, Plaintiff is
14 informed and believes that there are thousands of Class members. The members of the Class are
15 thus so numerous that joinder of all members is impracticable.

16 125. The Class is readily ascertainable and identifiable. It can be identified by reference
17 to Defendants' own databases, the XRP Ledger, and cryptocurrency exchange databases.

18 126. Questions of law and fact common to the Class that predominate over any questions
19 that may affect only individual members of the Class, including, but not limited to:

- 20 (a) Whether XRP are securities under the Securities Act;
- 21 (b) Whether Defendants' ongoing sale of XRP violates the registration provisions of the
22 Securities Act;
- 23 (c) Whether Defendants' ongoing sale of XRP violates the registration provisions of the
24 California Corporations Code; and
- 25 (d) The type and measure of damages suffered by Plaintiff and the Class.

26 127. Lead Plaintiff will fairly and adequately protect the interests of the Class because
27 Plaintiff's claims are typical and representative of the claims of all members of the Class. Lead
28 Plaintiff suffered injury in fact when he purchased 650 XRP on or about January 6, 2018 at a rate

1 of \$2.60 per XRP and sold that same XRP for approximately \$1.70 per XRP on or about January
2 18, 2018—a total loss of approximately \$551.89.

3 128. Lead Plaintiff's claims are typical of the claims of all Class members, as all members
4 of the Class are similarly affected by Defendants' wrongful conduct in violation of state and federal
5 securities laws.

6 129. There are no unique defenses that may be asserted against Lead Plaintiff individually,
7 as distinguished from the other members of the Class, and the relief sought is common to the Class.
8 Plaintiff is typical of other members of the Class, does not have any interest that is in conflict with
9 or is antagonistic to the interests of the members of the Class, and has no conflict with any other
10 members of the Class. Plaintiff has retained competent counsel experienced in securities, consumer
11 protection, and Class action litigation to represent himself and the Class.

12 130. A class action is superior to other available methods for the fair and efficient
13 adjudication of this controversy since joinder of all Class members is impracticable. Furthermore,
14 as the damages suffered by individual Class members may be relatively small, the expense and
15 burden of individual litigation make it impossible for Class members to redress individually the
16 wrongs done to them. In the absence of a class action, Defendants will retain the benefits of their
17 wrongful conduct.

18 **VII. CAUSES OF ACTION**

19 **FIRST CAUSE OF ACTION**

20 **Unregistered Offer and Sale of Securities in Violation of Sections 5 and 12(a)(1) of the** 21 **Securities Act (Against All Defendants)**

22 131. Plaintiff, on behalf of himself and all others similarly situated, realleges and
23 incorporates herein by reference each and every allegation contained in the preceding paragraphs of
24 this Complaint, and further alleges as follows:

25 132. Defendants, and each of them, by engaging in the conduct described above, directly
26 or indirectly, made use of means or instruments of transportation or communication in interstate
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1 commerce or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to
2 be carried through the mails or in interstate commerce for the purpose of sale or for delivery after
3 sale.

4 133. XRP are securities within the meaning of Section 2(a)(1) of the Securities Act, 15
5 U.S.C. § 77b(a)(1).

6 134. Plaintiff and members of the Class purchased XRP securities from Defendants.

7 135. No registration statements have been filed with the SEC or have been in effect with
8 respect to any of the offerings alleged herein.

9 136. By reason of the foregoing, each of the Defendants have violated Sections 5(a), 5(c),
10 and 12(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), and 77l(a).

11 137. As a direct and proximate result of Defendants' unregistered sale of securities,
12 Plaintiff and members of the Class have suffered damages in connection with their respective
13 purchases of XRP securities.

14 **SECOND CAUSE OF ACTION**

15 **Unregistered Offer and Sale of Securities in Violation of California Corporations Code**

16 **Section 25110 and 25503 (Against All Defendants)**

17 138. Plaintiff, on behalf of himself and all others similarly situated, realleges and
18 incorporates herein by reference each and every allegation contained in the preceding paragraphs of
19 this Complaint, and further alleges as follows:

20 139. XRP are securities within the meaning of the California Corporations Code.

21 140. Defendants, and each of them, by engaging in the conduct described above within
22 California, directly or indirectly, sold and offered to sell securities.

23 141. Plaintiff and members of the Class purchased XRP securities from Defendants.

24 142. No registration statements have been filed with any state or federal government entity
25 or have been in effect with respect to any of the offerings alleged herein.

26 143. By reason of the foregoing, each of the Defendants have violated Sections 25110
27 and 25503 of the California Corporations Code.
28

1 144. As a direct and proximate result of Defendants' unregistered sale of securities,
2 Plaintiff and members of the Class have suffered damages in connection with their respective
3 purchases of XRP securities.

4 **THIRD CAUSE OF ACTION**

5 **Violation of Section 15 of the Securities Act (Against Ripple Labs and Brad Garlinghouse)**

6 145. Plaintiff, on behalf of himself and all others similarly situated, realleges and
7 incorporates herein by reference each and every allegation contained in the preceding paragraphs
8 of this Complaint, and further alleges as follows:

9 146. This Count is asserted against Defendants Ripple Labs and Brad Garlinghouse
10 (collectively, the "Control Person Defendants") under Section 15 of the Securities Act, 15 U.S.C. §
11 77o.

12 147. The Control Person Defendants, by virtue of their offices, stock ownership, agency,
13 agreements or understandings, and specific acts were, at the time of the wrongs alleged herein, and
14 as set forth herein, controlling persons within the meaning of Section 15 of the Securities Act. The
15 Control Person Defendants, and each of them, had the power and influence and exercised the same
16 to cause the unlawful offer and sale of XRP securities as described herein.

17 148. The Control Person Defendants, separately or together, possess, directly or indirectly,
18 the power to direct or cause the direction of the management and policies of XRP II, through
19 ownership of voting securities, by contract, subscription agreement, or otherwise.

20 149. Defendant Garlinghouse also has the power to direct or cause the direction of the
21 management and policies of Ripple Labs.

22 150. The Control Person Defendants, separately or together, have sufficient influence to
23 have caused XRP II and/or Ripple Labs to submit a registration statement.

24 151. The Control Person Defendants, separately or together, jointly participated in, and/or
25 aided and abetted, XRP II and/or Ripple Labs' failure to register XRP.

1 152. By virtue of the conduct alleged herein, the Control Person Defendants are liable for
2 the wrongful conduct complained of herein and are liable to Lead Plaintiff and the Class for
3 recession and/or damages suffered.

4 **FOURTH CAUSE OF ACTION**

5 **Violation of Section 25504 of the California Corporations Code (Against Ripple Labs and**
6 **Brad Garlinghouse**

7 153. Plaintiff, on behalf of himself and all others similarly situated, realleges and
8 incorporates herein by reference each and every allegation contained in the preceding paragraphs
9 of this Complaint, and further alleges as follows:

10 154. This Count is asserted against the Control Person Defendants under Section 25504 of
11 the California Corporations Code.

12 155. The Control Person Defendants, by virtue of their offices, stock ownership, agency,
13 agreements or understandings, and specific acts were, at the time of the wrongs alleged herein, and
14 as set forth herein, controlling persons within the meaning of Section 25504 of the California
15 Corporations Code. The Control Person Defendants, and each of them, had the power and
16 influence and exercised the same to cause the unlawful offer and sale of XRP securities as
17 described herein.

18 156. The Control Person Defendants, separately or together, possess, directly or indirectly,
19 the power to direct or cause the direction of the management and policies of XRP II, through
20 ownership of voting securities, by contract, subscription agreement, or otherwise. Defendant
21 Garlinghouse also has the power to direct or cause the direction of the management and policies of
22 Ripple Labs.

23 157. The Control Person Defendants, separately or together, have sufficient influence to
24 have caused XRP II and/or Ripple Labs to submit a registration statement.

25 158. The Control Person Defendants, separately or together, jointly participated in, and/or
26 aided and abetted, XRP II and/or Ripple Labs' failure to register XRP.
27
28

1 159. By virtue of the conduct alleged herein, the Control Person Defendants are liable for
2 the wrongful conduct complained of herein and are liable to Lead Plaintiff and the Class for
3 recession and/or damages suffered.

4 **VIII. PRAYER FOR RELIEF**

5 WHEREFORE, Plaintiff demands judgment on his behalf and that of the Class as follows:

6 1. Declaring that this action may be maintained as a Class action under California Code
7 of Civil Procedure section 382 and California Rule of Court 3.670, *et seq.*, certifying Plaintiff as
8 representative of the Class and designating his counsel as counsel for the Class;

9 2. Declaring that Defendants offered and sold unregistered securities in violation of
10 Sections 5(a), 12 (a), and 15 of the Securities Act;

11 3. Declaring that Defendants offered and sold unregistered securities in violation of
12 Section 25110, 25503, and 25504 of the California Corporations Code;

13 4. That judgment be entered against Defendants and in favor of Plaintiff and each
14 member of the Class he represents, granting the remedy of recession, and/or awarding compensatory
15 damages in favor of Plaintiff and the Class against all Defendants, jointly and severally, for all
16 damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial;

17 5. Requiring an accounting of all remaining assets and funds raised by Defendants
18 through the sale of XRP;

19 6. Imposing a constructive trust over the assets and funds raised by Defendants through
20 the sale of XRP;

21 7. Enjoining and restraining Defendants from violating the securities laws through the
22 continued unregistered sale of XRP;

23 8. For punitive damages;

24 9. For pre and post-judgment interest;

25 10. For equitable relief, including a judicial determination of the rights and
26 responsibilities of the parties;

27 11. For attorneys' fees;
28

12. For costs of suit; and

13. For such other and further relief as may be deemed just and proper.

Dated: May 3, 2018


TAYLOR-COPELAND LAW

By: 

James Q. Taylor-Copeland

Attorney for Lead Plaintiff Ryan Coffey

CM-010

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): James Taylor-Copeland (SBN 284743) Taylor-Copeland Law 501 W. Broadway Suite 800 San Diego, CA 92101 TELEPHONE NO.: 619-400-4944 FAX NO.:		FOR COURT USE ONLY <div style="font-size: 2em; font-weight: bold; letter-spacing: 0.5em;">FILED</div> San Francisco County Superior Court <div style="font-size: 1.2em; font-weight: bold;">MAY 03 2018</div> CLERK OF THE COURT BY:  Deputy Clerk	
ATTORNEY FOR (Name): Ryan Coffey SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Francisco STREET ADDRESS: 400 McAllister St. MAILING ADDRESS: 400 McAllister St. CITY AND ZIP CODE: San Francisco, CA 94102 BRANCH NAME: Civic Center Courthouse			
CASE NAME: Ryan Coffey v. Ripple Labs, Inc., et. al.			
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less)		Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)	
		CASE NUMBER: <div style="font-size: 1.5em; font-weight: bold;">CQC-18-566271</div> JUDGE: DEPT:	

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:		
Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/W/D (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/W/D (23) Non-PI/PD/W/D (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/W/D tort (35) Employment <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input checked="" type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)

2. This case ☒ is ☐ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|---|--|
| a. <input type="checkbox"/> Large number of separately represented parties | d. <input type="checkbox"/> Large number of witnesses |
| b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
3. Remedies sought (check all that apply): a. ☒ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☒ punitive
4. Number of causes of action (specify): 4
5. This case ☒ is ☐ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: May 3, 2018

James Taylor-Copeland

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

BY FAX
 ONE LEGAL LLC
NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (46) (*if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto*)

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability (*not asbestos or toxic/environmental*) (24)
Medical Malpractice (45)
Medical Malpractice—Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/WD (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) (*not civil harassment*) (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice (*not medical or legal*)
Other Non-PI/PD/WD Tort (35)

Employment

Wrongful Termination (36)
Other Employment (15)

Contract

Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract (*not unlawful detainer or wrongful eviction*)
Contract/Warranty Breach—Seller Plaintiff (*not fraud or negligence*)
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage (*not provisionally complex*) (18)
Auto Subrogation
Other Coverage
Other Contract (37)
Contractual Fraud
Other Contract Dispute

Real Property

Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property (*not eminent domain, landlord/tenant, or foreclosure*)

Unlawful Detainer

Commercial (31)
Residential (32)
Drugs (38) (*if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential*)

Judicial Review

Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor
Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims (*arising from provisionally complex case type listed above*) (41)

Enforcement of Judgment

Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment (*non-domestic relations*)
Sister State Judgment
Administrative Agency Award (*not unpaid taxes*)
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint RICO (27)

Other Complaint (*not specified above*) (42)
Declaratory Relief Only
Injunctive Relief Only (*non-harassment*)
Mechanics Lien
Other Commercial Complaint Case (*non-tort/non-complex*)
Other Civil Complaint (*non-tort/non-complex*)

Miscellaneous Civil Petition

Partnership and Corporate Governance (21)
Other Petition (*not specified above*) (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief From Late Claim
Other Civil Petition

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): James Taylor Copeland, 284743 Taylor-Copeland Law 1422 Yost Dr. San Diego, CA 92109 TELEPHONE NO.: (202)553-7860 ATTORNEY FOR (Name): Plaintiff	FOR COURT USE ONLY ELECTRONICALLY FILED <i>Superior Court of California, County of San Francisco</i> 05/10/2018 Clerk of the Court BY: YOLANDA TABO-RAMI Deputy Clerk
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Superior Court of California, San Francisco County 400 McAllister Street San Francisco, CA 94102	
PLAINTIFF/PETITIONER: Ryan Coffey DEFENDANT/RESPONDENT: Ripple Labs, Inc., et al.	CASE NUMBER: CGC-18-566271
PROOF OF SERVICE OF SUMMONS	Ref. No. or File No.: None

BY FAX

- At the time of service I was a citizen of the United States, at least 18 years of age and not a party to this action.
- I served copies of: Complaint, Civil Case Cover Sheet, Summons, Notice to Plaintiff, ADR Package

3. a. Party served: **Ripple Labs, Inc., a Delaware corporation**

b. Person Served: **Norman Reed - Person Authorized to Accept Service of Process**

4. Address where the party was served: **315 Montgomery St., 2nd Fl.**
San Francisco, CA 94104

5. I served the party

- b. **by substituted service.** On (date): **05/04/2018** at (time): **3:28PM** I left the documents listed in item 2 with or in the presence of: **Bernando Diaz - Security Officer - Person In Charge Of Office**
 (1) (business) a person at least 18 years of age apparently in charge at the office or usual place of business of the person to be served. I informed him or her of the general nature of the papers.
 (4) A declaration of mailing is attached.

6. The "Notice to the Person Served" (on the summons) was completed as follows:

d. on behalf of:
Ripple Labs, Inc., a Delaware corporation

under: **CCP 416.10 (corporation)**

7. Person who served papers


- a. Name: **J. Alan Constant**
 b. Address: **One Legal - 194-Marin**
504 Redwood Blvd #223
Novato, CA 94947
 c. Telephone number: **415-491-0606**
 d. The fee for service was: \$ **102.75**
 e. I am:
 (3) registered California process server.
 (i) Employee or independent contractor.
 (ii) Registration No.: **2015-0001199**
 (iii) County **San Francisco**

8. I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct.

Date: **05/09/2018**

J. Alan Constant

(NAME OF PERSON WHO SERVED PAPERS)



(SIGNATURE)

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address): James Taylor Copeland, 284743 Taylor-Copeland Law 1422 Yost Dr. San Diego, CA 92109		TELEPHONE NO.: (202)553-7860	FOR COURT USE ONLY	
ATTORNEY FOR (Name): Plaintiff		Ref. No. or File No. None		
Insert name of court, judicial district or branch court, if any: San Francisco-McAllister 400 McAllister Street San Francisco, CA 94102				
PLAINTIFF: Ryan Coffey				
DEFENDANT: Ripple Labs, Inc., et al.				
PROOF OF SERVICE BY MAIL				CASE NUMBER: CGC-18-566271

BY FAX

I am a citizen of the United States, over the age of 18 and not a party to the within action. My business address is 504 Redwood Blvd., Suite 223 Novato, CA 94947.

On 05/09/2018, after substituted service under section CCP 415.20(a) or 415.20(b) or FRCP 4(e)(2)(B) or FRCP 4(h)(1)(B) was made (if applicable), I mailed copies of the:

Complaint, Civil Case Cover Sheet, Summons, Notice to Plaintiff, ADR Package

to the person to be served at the place where the copies were left by placing a true copy thereof enclosed in a sealed envelope, with First Class postage thereon fully prepaid, in the United States Mail at Los Angeles, California, addressed as follows:

Ripple Labs, Inc., a Delaware corporation

Norman Reed

315 Montgomery St., 2nd Fl.

San Francisco, CA 94104

I am readily familiar with the firm's practice for collection and processing of documents for mailing. Under that practice, it would be deposited within the United States Postal Service, on that same day, with postage thereon fully prepaid, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one (1) day after date of deposit for mailing in affidavit.

Fee for Service: \$ 102.75

I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct and that this declaration was executed on 05/09/2018 at Los Angeles, California.

One Legal - 194-Marin
504 Redwood Blvd #223
Novato, CA 94947



Peter Fuster

OL# 11949124

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): James Taylor Copeland, 284743 Taylor-Copeland Law 1422 Yost Dr. San Diego, CA 92109 TELEPHONE NO.: (202)553-7860 ATTORNEY FOR (Name): Plaintiff	FOR COURT USE ONLY ELECTRONICALLY FILED <i>Superior Court of California, County of San Francisco</i> 05/14/2018 Clerk of the Court BY: YOLANDA TABO-RAMI Deputy Clerk
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Superior Court of California, San Francisco County 400 McAllister Street San Francisco, CA 94102	
PLAINTIFF/PETITIONER: Ryan Coffey DEFENDANT/RESPONDENT: Ripple Labs, Inc., et al.	CASE NUMBER: CGC-18-566271
PROOF OF SERVICE OF SUMMONS	Ref. No. or File No.: None

1. At the time of service I was a citizen of the United States, at least 18 years of age and not a party to this action.
2. I served copies of: **Complaint, Civil Case Cover Sheet, Summons, Notice to Plaintiff, ADR Package**

3. a. Party served: **Bradley Garlinghouse, an individual**

b. Person Served: **Deborah McKimmon - Senior Counsel - Person In Charge Of Office**

4. Address where the party was served: **315 Montgomery St., 2nd Fl.**
San Francisco , CA 94104

5. I served the party

- b. by substituted service. On (date): **05/09/2018** at (time): **2:12PM** I left the documents listed in item 2 with or in the presence of: **Deborah McKimmon - Senior Counsel - Person In Charge Of Office**
- (1) (business) a person at least 18 years of age apparently in charge at the office or usual place of business of the person to be served. I informed him or her of the general nature of the papers.
- (4) A declaration of mailing is attached.
- (5) I attach a declaration of diligence stating actions taken first to attempt personal service.

6. The "Notice to the Person Served" (on the summons) was completed as follows:

- a. as an individual defendant.

7. Person who served papers

- a. Name: **J. Alan Constant**
- b. Address: **One Legal - 194-Marin**
504 Redwood Blvd #223
Novato, CA 94947
- c. Telephone number: **415-491-0606**
- d. The fee for service was: \$ **102.75**
- e. I am:
- (3) registered California process server.
- (i) Employee or independent contractor.
- (ii) Registration No.: **2015-0001199**
- (iii) County: **San Francisco**

8. I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct.

Date: **05/10/2018**

J. Alan Constant
 (NAME OF PERSON WHO SERVED PAPERS)

(SIGNATURE)

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address): James Taylor Copeland, 284743 Taylor-Copeland Law 1422 Yost Dr. San Diego, CA 92109		TELEPHONE NO.: (202)553-7860	FOR COURT USE ONLY	
ATTORNEY FOR (Name): Plaintiff		Ref. No. or File No. None		
Insert name of court, judicial district or branch court, if any: San Francisco-McAllister 400 McAllister Street San Francisco, CA 94102				
PLAINTIFF: Ryan Coffey				
DEFENDANT: Ripple Labs, Inc., et al.				
DECLARATION OF DILIGENCE				CASE NUMBER: CGC-18-566271

I received the within process on 5/3/2018 and that after due and diligent effort I have been unable to personally serve said party. The following itemization of the dates and times of attempts details the efforts required to effect personal service. Additional costs for diligence are recoverable under CCP §1033.5 (a)(4)(B).

PARTY SERVED: **Bradley Garlinghouse, an individual**

(1)Business: Ripple Labs 315 Montgomery St., 2nd Fl., San Francisco , CA 94104

BY FAX

As enumerated below:

On 5/4/2018 3:28:00 PM at address (1) above. Not In Not in.

On 5/7/2018 9:20:00 AM at address (1) above. Not In Not in.

I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct and that this declaration was executed on 05/10/2018 at Los Angeles, California.

Registered California process server.
County: San Francisco
Registration No.: 2015-0001199
J. Alan Constant
One Legal - 194-Marin
504 Redwood Blvd #223
Novato, CA 94947



OL # 11949125

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address): James Taylor Copeland, 284743 Taylor-Copeland Law 1422 Yost Dr. San Diego, CA 92109		TELEPHONE NO.: (202)553-7860		FOR COURT USE ONLY	
ATTORNEY FOR (Name): Plaintiff		Ref. No. or File No. None			
Insert name of court, judicial district or branch court, if any: San Francisco-McAllister 400 McAllister Street San Francisco, CA 94102					
PLAINTIFF: Ryan Coffey					
DEFENDANT: Ripple Labs, Inc., et al.					
PROOF OF SERVICE BY MAIL				CASE NUMBER: CGC-18-566271	

BY FAX

I am a citizen of the United States, over the age of 18 and not a party to the within action. My business address is 504 Redwood Blvd., Suite 223 Novato, CA 94947.

On 05/10/2018, after substituted service under section CCP 415.20(a) or 415.20(b) or FRCP 4(e)(2)(B) or FRCP 4(h)(1)(B) was made (if applicable), I mailed copies of the:

Complaint, Civil Case Cover Sheet, Summons, Notice to Plaintiff, ADR Package

to the person to be served at the place where the copies were left by placing a true copy thereof enclosed in a sealed envelope, with First Class postage thereon fully prepaid, in the United States Mail at Los Angeles, California, addressed as follows:

Bradley Garlinghouse, an individual

315 Montgomery St., 2nd Fl.
San Francisco, CA 94104

I am readily familiar with the firm's practice for collection and processing of documents for mailing. Under that practice, it would be deposited within the United States Postal Service, on that same day, with postage thereon fully prepaid, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one (1) day after date of deposit for mailing in affidavit.

Fee for Service: \$ 102.75

I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct and that this declaration was executed on 05/10/2018 at Los Angeles, California.

One Legal - 194-Marin
504 Redwood Blvd #223
Novato, CA 94947



Peter Fuster

OL # 11949125

NOTICE TO PLAINTIFF

A Case Management Conference is set for:

DATE: OCT-03-2018

TIME: 10:30AM

**PLACE: Department 610
400 McAllister Street
San Francisco, CA 94102-3680**

All parties must appear and comply with Local Rule 3.

CRC 3.725 requires the filing and service of a case management statement form CM-110 no later than 15 days before the case management conference. However, it would facilitate the issuance of a case management order **without an appearance** at the case management conference if the case management statement is filed, served and lodged in Department 610 twenty-five (25) days before the case management conference.

Plaintiff must serve a copy of this notice upon each party to this action with the summons and complaint. Proof of service subsequently filed with this court shall so state. **This case is eligible for electronic filing and service per Local Rule 2.11. For more information, please visit the Court's website at www.sfsuperiorcourt.org under Online Services.**

ALTERNATIVE DISPUTE RESOLUTION POLICY REQUIREMENTS

IT IS THE POLICY OF THE SUPERIOR COURT THAT EVERY CIVIL CASE PARTICIPATE IN EITHER MEDIATION, JUDICIAL OR NON-JUDICIAL ARBITRATION, THE EARLY SETTLEMENT PROGRAM OR SOME SUITABLE FORM OF ALTERNATIVE DISPUTE RESOLUTION PRIOR TO A TRIAL.
(SEE LOCAL RULE 4)

Plaintiff must serve a copy of the Alternative Dispute Resolution Information Package on each defendant along with the complaint. All counsel must discuss ADR with clients and opposing counsel and provide clients with a copy of the Alternative Dispute Resolution Information Package prior to filing the Case Management Statement.

[DEFENDANTS: Attending the Case Management Conference does not take the place of filing a written response to the complaint. You must file a written response with the court within the time limit required by law. See Summons.]

Superior Court Alternative Dispute Resolution Coordinator
400 McAllister Street, Room 103
San Francisco, CA 94102
(415) 551-3869

See Local Rules 3.3, 6.0 C and 10 B re stipulation to judge pro tem.

Exhibit 2

CM-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Peter B. Morrison (SBN 230148) Skadden, Arps, Slate, Meagher & Flom LLP 300 South Grand Ave., Ste. 3400 Los Angeles, CA 90071 TELEPHONE NO.: (213) 687-5000 FAX NO. (Optional): (213) 687-5600 E-MAIL ADDRESS (Optional): peter.morrison@skadden.com ATTORNEY FOR (Name): Ripple Labs Inc. et al.	FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY OCT 25 2018 Clerk of the Superior Court By: ANTONIO R. GERONIMO Deputy Clerk
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: 400 County Center CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME:	
PLAINTIFF/PETITIONER: Avner Greenwald DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	CASE NUMBER: 18-CIV-03461 JUDICIAL OFFICER:
NOTICE OF RELATED CASE	DEPT.:

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1. a. Title: In Re Ripple Labs Inc. Litigation
 b. Case number: Lead Case No. 18-CIV-02845
 c. Court: ☒ same as above
☐ other state or federal court (name and address):
 d. Department: 16
 e. Case type: ☐ limited civil ☒ unlimited civil ☐ probate ☐ family law ☐ other (specify):
 f. Filing date: 6/5/18; 6/27/18
 g. Has this case been designated or determined as "complex?" ☒ Yes ☐ No
 h. Relationship of this case to the case referenced above (check all that apply):
☒ involves the same parties and is based on the same or similar claims.
☒ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
☐ involves claims against, title to, possession of, or damages to the same property.
☒ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
☐ Additional explanation is attached in attachment 1h
 i. Status of case:
☒ pending
☐ dismissed ☐ with ☐ without prejudice
☐ disposed of by judgment
2. a. Title:
 b. Case number:
 c. Court: ☐ same as above
☐ other state or federal court (name and address):
 d. Department:



CM-015

PLAINTIFF/PETITIONER: Avner Greenwald	CASE NUMBER:
DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	18-CIV-03461

2. (continued)

- e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):
- f. Filing date:
- g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No
- h. Relationship of this case to the case referenced above (check all that apply):
- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 2h
- i. Status of case:
- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

3. a. Title:

b. Case number:

c. Court: ☐ same as above☐ other state or federal court (name and address):

d. Department:

e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No

h. Relationship of this case to the case referenced above (check all that apply):

- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 3h

i. Status of case:

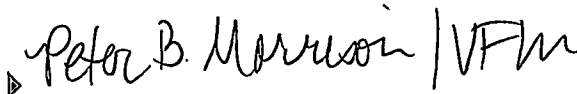
- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

4. ☐ Additional related cases are described in Attachment 4. Number of pages attached: _____

Date: October 25, 2018

Peter B. Morrison

(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)



(SIGNATURE OF PARTY OR ATTORNEY)

PROOF OF SERVICE**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 300 S. Grand Avenue, Los Angeles, California 90071. My email address is candice.spoon@skadden.com.

On October 25, 2018 I served the documents described as:

NOTICE OF RELATED CASE

on the interested parties in this action addressed as follows:

BRIAN J. ROBBINS brobbins@robbinsarroyo.com STEPHEN J. ODDO soddo@robbinsarroyo.com ERIC M. CARRINO ecarrino@robbinsarroyo.com ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 Facsimile: (619) 525-3991 Attorneys for Plaintiffs Vladi Zakinov and David Oconer	David C. Walton Brian O. O'Mara Brian E. Cochran ROBBINS GELLER RUDMAN & DOWD LLP 655 West Broadway, Suite 1900 San Diego, CA 92101 Telephone: (619) 231-1058 Facsimile: (619) 231-7423 E-mail: davew@rgrdlaw.com bomara@rgrdlaw.com bcochran@rgrdlaw.com Attorneys for Plaintiff Vladi Zakinov
Shawn A. Williams ROBBINS GELLER RUDMAN & DOWD LLP Post Montgomery Center One Montgomery Street, Suite 1800 San Francisco, CA 94104 Telephone: (415) 288-4545 Facsimile: (415) 288-4534 E-mail: shawnw@rgrdlaw.com Attorneys for Plaintiff Vladi Zakinov	Andrew J. Ceresney aceresney@debevoise.com Mary Jo White mjwhite@debevoise.com DEBEVOISE & PLIMPTON LLP 919 Third Avenue New York, New York 10022 Telephone: (212) 909-6000 Facsimile: (212) 909-6836 Attorneys for Defendants Ripple Labs Inc., XRP II, LLC, and Bradley Garlinghouse
SCOTT+SCOTT ATTORNEYS AT LAW LLP John T. Jasnoch 600 W. Broadway, Suite 3300 San Diego, CA 92101 Telephone: 619-233-4565 Facsimile: 619-233-0508 jjjasnoch@scott-scott.com Attorneys for Plaintiff – Avner Greenwald	SCOTT+SCOTT ATTORNEYS AT LAW LLP Thomas L. Laughlin, IV Rhiana L. Swartz The Helmsley Building 230 Park Avenue, 17th Floor New York, NY 10169 Telephone: 212-223-6444 Facsimile: 212-223-6334 Attorneys for Plaintiff - Avner Greenwald

☒ **(BY FEDERAL EXPRESS)** I am readily familiar with the firm's practice for the daily collection and processing of correspondence for deliveries with the Federal Express delivery service and the fact that the correspondence would be deposited with Federal Express that same

1 day in the ordinary course of business; on this date, the above-referenced document was placed for
2 deposit at Los Angeles, California and placed for collection and delivery following ordinary
business practices.

3 I declare under penalty of perjury under the laws of the State of California that the above is
4 true and correct.

5 Executed on October 25, 2018 at Los Angeles, California.

6 Candice Spoon
7 PRINT NAME



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SIGNATURE

Exhibit 3

CM-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Peter B. Morrison (SBN 230148) Skadden, Arps, Slate, Meagher & Flom LLP 300 South Grand Ave., Ste. 3400 Los Angeles, CA 90012 TELEPHONE NO.: (213) 687-5000 FAX NO. (Optional): (213) 687-5600 E-MAIL ADDRESS (Optional): peter.morrison@skadden.com ATTORNEY FOR (Name): Ripple Labs Inc. et al.	FOR COURT USE ONLY ENDORSED FILED SAN MATEO COUNTY OCT 25 2018 Clerk of the Superior Court By: ANTONIO R. GERONIMO Deputy Clerk
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo STREET ADDRESS: 400 County Center MAILING ADDRESS: 400 County Center CITY AND ZIP CODE: Redwood City, CA 94063 BRANCH NAME:	
PLAINTIFF/PETITIONER: Vladi Zakinov & David Oconer DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	CASE NUMBER: Lead Case No. 18-CIV-02845 JUDICIAL OFFICER: Judge Richard. H. DuBois
NOTICE OF RELATED CASE	DEPT.: 16

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1.
 - a. Title: Greenwald v. Ripple Labs Inc. et al.
 - b. Case number: 18-CIV-03461
 - c. Court: ☒ same as above
☐ other state or federal court (name and address):
 - d. Department:
 - e. Case type: ☐ limited civil ☒ unlimited civil ☐ probate ☐ family law ☐ other (specify):
 - f. Filing date: July 3, 2018
 - g. Has this case been designated or determined as "complex?" ☐ Yes ☒ No
 - h. Relationship of this case to the case referenced above (check all that apply):
 - ☒ involves the same parties and is based on the same or similar claims.
 - ☒ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 - ☐ involves claims against, title to, possession of, or damages to the same property.
 - ☒ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 - ☐ Additional explanation is attached in attachment 1h
 - i. Status of case:
 - ☒ pending
 - ☐ dismissed ☐ with ☐ without prejudice
 - ☐ disposed of by judgment
2.
 - a. Title:
 - b. Case number:
 - c. Court: ☐ same as above
☐ other state or federal court (name and address):
 - d. Department:



CM-015

PLAINTIFF/PETITIONER: Vladi Zakinov & David Oconer	CASE NUMBER:
DEFENDANT/RESPONDENT: Ripple Labs Inc. et al.	Lead Case No. 18-CIV-02845

2. (continued)

- e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):
- f. Filing date:
- g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No
- h. Relationship of this case to the case referenced above (check all that apply):
- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 2h
- i. Status of case:
- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

3. a. Title:

b. Case number:

c. Court: ☐ same as above☐ other state or federal court (name and address):

d. Department:

e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No

h. Relationship of this case to the case referenced above (check all that apply):

- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 3h

i. Status of case:

- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

4. ☐ Additional related cases are described in Attachment 4. Number of pages attached: _____

Date: October 25, 2018

Peter B. Morrison

(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)



(SIGNATURE OF PARTY OR ATTORNEY)

PROOF OF SERVICE**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 300 S. Grand Avenue, Los Angeles, California 90071. My email address is candice.spoon@skadden.com.

On October 25, 2018 I served the documents described as:

NOTICE OF RELATED CASE

on the interested parties in this action addressed as follows:

BRIAN J. ROBBINS brobbins@robbinsarroyo.com STEPHEN J. ODDO soddo@robbinsarroyo.com ERIC M. CARRINO ecarrino@robbinsarroyo.com ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990 Facsimile: (619) 525-3991 Attorneys for Plaintiffs Vladi Zakinov and David Oconer	David C. Walton Brian O. O'Mara Brian E. Cochran ROBBINS GELLER RUDMAN & DOWD LLP 655 West Broadway, Suite 1900 San Diego, CA 92101 Telephone: (619) 231-1058 Facsimile: (619) 231-7423 E-mail: davew@rgrdlaw.com bomara@rgrdlaw.com bcochran@rgrdlaw.com Attorneys for Plaintiff Vladi Zakinov
Shawn A. Williams ROBBINS GELLER RUDMAN & DOWD LLP Post Montgomery Center One Montgomery Street, Suite 1800 San Francisco, CA 94104 Telephone: (415) 288-4545 Facsimile: (415) 288-4534 E-mail: shawnw@rgrdlaw.com Attorneys for Plaintiff Vladi Zakinov	Andrew J. Ceresney aceresney@debevoise.com Mary Jo White mjwhite@debevoise.com DEBEVOISE & PLIMPTON LLP 919 Third Avenue New York, New York 10022 Telephone: (212) 909-6000 Facsimile: (212) 909-6836 Attorneys for Defendants Ripple Labs Inc., XRP II, LLC, and Bradley Garlinghouse
SCOTT+SCOTT ATTORNEYS AT LAW LLP John T. Jasnoch 600 W. Broadway, Suite 3300 San Diego, CA 92101 Telephone: 619-233-4565 Facsimile: 619-233-0508 jjjasnoch@scott-scott.com Attorneys for Plaintiff – Avner Greenwald	SCOTT+SCOTT ATTORNEYS AT LAW LLP Thomas L. Laughlin, IV Rhiana L. Swartz The Helmsley Building 230 Park Avenue, 17th Floor New York, NY 10169 Telephone: 212-223-6444 Facsimile: 212-223-6334 Attorneys for Plaintiff - Avner Greenwald

☒ **(BY FEDERAL EXPRESS)** I am readily familiar with the firm's practice for the daily collection and processing of correspondence for deliveries with the Federal Express delivery service and the fact that the correspondence would be deposited with Federal Express that same

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Exhibit 4

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8
9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **OAKLAND DIVISION**

12 AVNER GREENWALD, individually and on behalf
of all others similarly situated,

13 Plaintiff,

14 vs.

15 RIPPLE LABS INC., *et al.*,

16 Defendants.

Case No. 18-cv-4790-PJH

CLASS ACTION

**PLAINTIFF'S NOTICE OF
MOTION AND MOTION TO
REMAND; MEMORANDUM OF
POINTS AND AUTHORITIES IN
SUPPORT THEREOF**

Date: October 17, 2018
Time: 9:00 a.m.
Courtroom: 3

Hon. Phyllis J. Hamilton

NOTICE OF MOTION AND MOTION

TO: ALL PARTIES AND THEIR ATTORNEYS OF RECORD

PLEASE TAKE NOTICE that on October 17, 2018 at 9:00 a.m., before the Honorable Phyllis J. Hamilton, United States District Judge, at the United States District Court, Northern District of California, 1301 Clay Street, Courtroom 3, Oakland, California 94612, Avner Greenwald (“Plaintiff”) will move this Court for an order, pursuant to 28 U.S.C. §1447(c), remanding this action to the Superior Court of the State of California, County of San Mateo. This motion is based on this Notice of Motion and Motion, the Memorandum of Points and Authorities in support thereof, the Declaration of John T. Jasnoch and the Proposed Order filed herewith, all pleadings and papers filed herewith, arguments of counsel, and any other matters properly before the Court.

CONCISE STATEMENT OF RELIEF SOUGHT BY MOVANT

Plaintiff seeks an order remanding this case to the Superior Court of the State of California, County of San Mateo. This case only asserts claims under the Securities Act of 1933 (the “Securities Act” or “1933 Act”) and was improperly removed to this Court by Defendants¹ pursuant to the Class Action Fairness Act (“CAFA”), 28 U.S.C. §1453. Because the 1933 Act bars removal of actions alleging only 1933 Act claims and 9th Circuit precedent, *Luther v. Countrywide Home Loans Servicing LP*, 533 F.3d 1031 (9th Cir. 2008), addresses this precise circumstance and holds that the 1933 Act removal bar prohibits removal under CAFA, this case must be remanded.

QUESTIONS PRESENTED

1. Does the anti-removal provision in Section 22(a) of the 1933 Act prohibit removal under CAFA of cases asserting only 1933 Act claims?

2. Should this case be remanded given that controlling 9th Circuit precedent, *Luther v. Countrywide Home Loans Servicing LP*, 533 F.3d 1031 (9th Cir. 2008), holds that the anti-removal

¹ Defendants are Ripple Labs Inc. (“Ripple”), XRP II, LLC (“XRP II”), Bradley Garlinghouse, Christian Larsen, Ron Will, Antoinette O’Gorman, Eric van Miltenburg, Susan Athey, Zoe Cruz, Ken Kurson, Ben Lawskey, Anja Manuel, and Takashi Okita (collectively, “Defendants”).

provision of the 1933 Act prohibits removal under CAFA of cases asserting only 1933 Act claims, the precise issue to be addressed by the Court in this Motion?

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This securities class action was commenced in the Superior Court of the State of California, County of San Mateo, on July 3, 2018, on behalf of all persons or entities who purchased XRP tokens, a virtual currency, from July 3, 2015 through the present. (ECF No. 1-1, Compl., ¶87.) This action asserts *only* claims brought under §§5, 12(a)(1), and 15 of the Securities Act. On August 8, 2018, Defendants removed the action to this Court under CAFA, 28 U.S.C. §1453(b). *See* Defs’ Removal, ¶¶3-4.² Defendants explicitly do not rely on the general removal statute, 28 U.S.C. §1441(a). Defs’ Removal, ¶25.

Removal was improper because, as the U.S. Supreme Court recently confirmed, the 1933 Act explicitly bars removal of actions bringing only 1933 Act claims. 15 U.S.C. §77v(a); *Cyan, Inc. v. Beaver County Employees Retirement Fund*, 138 S. Ct. 1061 (2018). Moreover, Defendants’ position that the 1933 Act’s removal bar should be disregarded when CAFA is invoked is foreclosed by controlling 9th Circuit law. In *Luther*, the 9th Circuit squarely held that the 1933 Act’s anti-removal bar prohibits removal under CAFA. 533 F.3d at 1034. The 9th Circuit’s holding is directly applicable here and requires the Court to resolve this motion in favor of remand.

Accordingly, the Court should grant Plaintiff’s motion in full.

II. ARGUMENT

A. Controlling Law of this Circuit Requires Remand

Directly applicable 9th Circuit authority requires this Court to grant remand. In *Luther*, the 9th Circuit held that section 22(a) of the Securities Act of 1933 provides an “express exception to

² See Notice of Removal of State Court Action (ECF No. 1) (“Defs’ Removal”).

removal” that trumps CAFA, meaning that CAFA does not provide a basis for removal of cases that only assert 1933 Act claims. 533 F.3d at 1034.³

Section 22(a) of the 1933 Act (enacted as part of the Private Securities Litigation Reform Act of 1998 (“PSLRA”)) states, “no case arising under this subchapter and brought in any State court of competent jurisdiction shall be removed to any court of the United States.”⁴ 15 U.S.C. §77v(a). CAFA authorizes removal of class actions where: (1) the amount in controversy exceeds \$5,000,000; (2) the putative class has more than 100 members; and (3) any member of the class is a citizen of a state different from any defendant. 28 U.S.C. §§1332(d)(2), (d)(2)(A), 5(B), 1453(b). *Luther* held that “CAFA’s general grant of the right of removal of high-dollar class actions does not trump §22(a)’s specific bar to removal of cases arising under the Securities Act of 1933.” 533 F.3d at 1034. *Luther* relied on “a basic principle of statutory construction that a statute dealing with a narrow, precise, and specific subject is not submerged by a later enacted statute covering a more generalized spectrum.” *Id.* (citing *Radzanower v. Touche Ross & Co.*, 426 U.S. 148, 153 (1976)). As here, *Luther* was a case that alleged only 1933 Act claims. Applying *Luther*, remand is required.

This Court is bound by *Luther*’s interpretation of federal statutes. “Circuit decisions are *stare decisis* unless they are overruled by the court *en banc* or come into conflict with a subsequent decision to which it owes obedience, such as a decision by the Supreme Court.” *Hurst v. Prudential Sec. Inc.*, 923 F. Supp. 150, 155 (N.D. Cal. 1995) (citing *Spinelli v. Gaughan*, 12 F.3d 853, 855 (9th Cir. 1993); *Atonio v. Wards Cove Packing Co., Inc.*, 810 F.2d 1477, 1478-79 (9th Cir. 1987)). “A district judge may not respectfully (or disrespectfully) disagree with his learned colleagues on his own court of appeals who have ruled on a controlling legal issue[.]” *Hart v. Massanari*, 266 F.3d

³ In *Cyan*, the Supreme Court recently confirmed that SLUSA provides no basis for removal of pure 1933 Act cases. *See generally Cyan*, 138 S. Ct. 1061. Notably, CAFA was not even raised as a potential source of defeating the removal ban. *See id.*

⁴ There is an “except clause” to this provision, but it is not applicable here.

1 1155, 1170 (9th Cir. 2001). Since it was decided 10 years ago, neither the Supreme Court nor the
 2 9th Circuit has overruled *Luther*.⁵

3 Indeed, during oral argument in a related case that, unlike this case, involved both 1933 Act
 4 claims and state law claims, the Court unequivocally stated that *Luther* requires remand of pure 1933
 5 Act cases. In *Coffey v. Ripple Labs, Inc.*, No. 18-cv-03286-PJH, the Court considered the import of
 6 *Luther* on the remand motion of a plaintiff who asserted both state law and 1933 Act claims. 2018
 7 WL 3812076, at *1 (N.D. Cal. Aug. 10, 2018).⁶ Because of the presence of state law claims, *Coffey*
 8 was materially different from the instant case and the Court’s ultimate decision in *Coffey*, that the
 9 presence of state law claims allowed for removal under CAFA is inapt. However, during oral
 10 argument, the Court acknowledged that *Luther* was controlling precedent and that *Luther* would
 11 have required remand had *Coffey* only asserted 1933 Act claims. Specifically, the Court stated that it
 12 “has no authority to overturn *Luther*” and that, if the case had been brought with only 1933 Act
 13 claims, “it wouldn’t present a dilemma for me[;] ***I’d remand it, obviously.***” *Coffey* Aug. 1, 2018
 14 Hr’g Trans., attached to Declaration of John T. Jasnoch (“Jasnoch Decl.”), Ex. A at 13:11-12 and
 15 28:17-19, respectively. This sentiment was echoed in the Court’s opinion, which stated, “defendants
 16 did not remove this action based on the Securities Act claim satisfying CAFA’s requirements –
 17 likely a losing proposition under *Luther*.” 2018 WL 3812076, at *4. By this motion, Plaintiff asks
 18 no more than that the Court draw the “obvious” conclusion and remand pursuant to *Luther*.

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 20
 21 ⁵ The Supreme Court’s decision in *Dart Cherokee Basin Operating Co., LLC v. Owens*, 135 S.
 22 Ct. 547 (2014), is not “clearly irreconcilable” with *Luther*. *Dart Cherokee* addressed “whether a
 23 defendant seeking removal to federal court is required to include evidence supporting federal
 24 jurisdiction in the notice removal, or whether alleging the required short and plain statement of the
 25 grounds for removal [is] enough.” *Jordan v. Nationstar Mortg. LLC*, 781 F.3d 1178, 1183 (9th Cir.
 26 2015) (citing *Dart Cherokee*, 135 S. Ct. at 552-53) This issue is wholly distinct from the issue
 decided in *Luther*. The 9th Circuit has since made clear that *Dart Cherokee* limited *Luther* only as
 related to the presumption against removal – a presumption that generally exists under 9th Circuit
 law, but which does not exist for CAFA cases after *Dart Cherokee*. *Id.* at 1182-83.

27 ⁶ Coffey has since dismissed his case. (ECF No. 29 in Case No. 18-cv-03286.)

B. Greenwald's Foreign Citizenship Has No Impact on the Effect of the 1933 Act Removal Bar

In an effort to avoid the result clearly compelled by *Luther*, Defendants put forth a nonsensical argument that Greenwald's "alienage" status somehow impacts this Court's remand analysis and "takes this case outside the purview of *Luther*." Defs' Removal, ¶¶11-15. This fig leaf argument cannot conceal the glaring weakness of Defendants' position or the fact that they ask the Court to ignore controlling precedent. Nothing in the cases cited by Defendants provides a basis for this Court not to follow *Luther* and remand.⁷ To the extent Defendants argue that this case does not properly bring claims under the Securities Act because it addresses "international transactions" (Defs' Removal, ¶14), that issue is separate and apart from Greenwald's citizenship and, most importantly, an argument to be made in a motion to dismiss. That argument is not ripe for discussion at this jurisdictional stage.

C. Defendants' Improper Removal Has Caused Unnecessary Delay and, Unless Promptly Corrected, Will Cause Inefficiency

Defendants' removal has delayed this case from properly proceeding in state court and threatens to undermine judicial economy. This case was filed over two months ago, on July 3, 2018. Two related class actions are pending in the same state court, San Mateo County, and the instant case is ripe for coordination with those cases. *See Zakinov v. Ripple Labs, Inc.*, No. 18CIV02845 (Superior Court, San Mateo) (filed June 5, 2018); *Oconor v. Ripple Labs, Inc.*, No. 18CIV03332 (Superior Court, San Mateo) (filed June 27, 2018). Indeed, prior to removal, counsel in this case reached out to counsel in *Zakinov* and *Oconor* and discussed coordination.

Zakinov and *Oconor* allege state law claims on behalf of a class of California purchasers of XRP during the same class period alleged in the instant complaint, July 3, 2015 through the present. Jasnoch Decl., Exs. B and C. Like the instant case, *Zakinov* and *Oconor* allege that XRP should have been registered securities – but under California law, rather than federal law. *See, e.g.*, Ex. C,

⁷ *New Jersey Carpenters Vacation Fund v. HarborView Mortg. Loan Trust 2006-4* held that CAFA overrode the 1933 Act's anti-removal provision to permit removal of case, unless a CAFA statutory exception applied. 581 F. Supp. 2d 581, 583 (S.D.N.Y. 2008). This is in direct conflict with *Luther* and thus is contrary to the law of this Circuit.

¶¶3-4, 58. Demonstrating the similarity of the issues raised, *Zakinov* and *Oconor* point to federal SEC guidance in support of their position. *See, e.g.*, Ex. C, ¶¶65-72; *see similarly* Compl., ¶¶84-86. Many of the factual allegations in *Zakinov* and *Oconor* overlap as they both relate to the creation, sale, and solicitation of XRP. *Compare* Compl., ¶¶29-77 with Ex. C, ¶¶14-57. Thus, coordination of dispositive motions and discovery makes sense in order to promote judicial economy.

Notably, Defendants did not seek to remove *Zakinoc* and *Oconor* to this Court. It makes little sense for this case to proceed in federal court while related cases have been consolidated and are proceeding in state court. In the consolidated state case, a Consolidated Complaint is due October 15, 2018. Jasnoch Decl., Ex. D, ¶8. Defendants have until November 29, 2018 to file a demurrer, and a briefing schedule has been put in place for the demurrer. *Id.*

The unnecessary delay caused by Defendants, potential for judicial inefficiency if this case is further delayed, and clarity of the *Luther* precedent warrant a prompt remand. *See similarly Book v. ProNAi Therapeutics, Inc.*, No. 16-7408, 2017 WL 2533664, at *1 (N.D. Cal. June 12, 2017) (holding that a stay pending the Supreme Court's consideration of writs of certiorari related to *Cyan* was not warranted).

III. CONCLUSION

Based on the foregoing, Plaintiff respectfully requests that the Court remand this action to the Superior Court of the State of California, County of San Mateo.

DATED: September 7, 2018

Respectfully submitted,

SCOTT+SCOTT ATTORNEYS AT LAW LLP

s/ John T. Jasnoch

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CERTIFICATE OF SERVICE

I hereby certify that on September 7, 2018, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the email addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I caused to be mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

s/ John T. Jasnoch
JOHN T. JASNOCH